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NEUTRALIZATION OF SOUTHEAST ASIA SEEN AS AID TO REGIONAL STABILITY

Kuala Lumpur BUSINESS TIMES in English 8 Nov 80 p 6

[Article by Tan Siok Choo]

[Text]

THE proposal by Australian Prime Minister Malcolm Fraser, after the regional Commonwealth meeting in India in September, that the five-power defence arrangement between Malaysia, Singapore, Australia, New Zealand and Britain would be revived, seems on the face of it worthwhile in an increasingly troubled world. But closer scrutiny shows that it does not offer an answer to Asean's needs.

For one thing, the defence arrangement involves only two of the five Asean countries and is, as such, totally inadequate for the defence of the region as a whole.

Moreover, linkage with pro-western powers in the form of a military alliance would only serve to damage Malaysia's and Singapore's credibility as non-aligned countries, without bringing with it any tangible benefits.

The five-power defence arrangement does not make it obligatory for either Britain, Australia or New Zealand to defend either Malaysia or Singapore in the event of an externally organised or supported armed attack or a threat of attack. The five-power defence arrangement merely states that the five governments, in such a situation, would consult together for the purpose of deciding what measures should be taken, either jointly or separately.

To merit serious consideration, as Mr Fraser tacitly acknowledged in his statement, the five-power defence arrangement will have to be substantially reinforced. As it now stands, Britain has already withdrawn its forces from Singapore, except for a small contribution to the integrated air-defence system, although Australian and New Zealand's military contingents still remain in Singapore and Malaysia.

Australia's apprehensions about the security of the Asean region are understandable in view of the signing of the Friendship and Cooperation treaty between the Soviet Union and Vietnam in November 1978 and the subsequent invasion of Kampuchea by Vietnam one month later — an invasion, which would not have been possible without the massive support and approval of the Soviet Union.

Not surprisingly, therefore, there is the fear, not only in Canberra, but also among other Pacific powers, that Vietnam, now totally dependent on the Soviet Union for military, financial and economic assistance, may become a proxy for the furtherance of Soviet ambitions in the region.

There is no denying the fact that Vietnam has the military capability to dominate the region. According to *The Military*

Balance 1980-1981 issued by the International Institute for Strategic Studies (IISS) in London, the Vietnamese armed forces total over a million as against only 600,000 in the case of Asean countries.

Moreover the 181,000 strong Indonesian army — the largest by far among the Asean five — is forced to divert one-third of its military personnel for civil and administrative duties.

Additionally, the armies of the other Asean countries are handicapped by the fact that their military experience is limited to coping with largely domestic insurgencies — quite unlike the Vietnamese who won their spurs, fighting first the French and later overcame one of the most sophisticated military machines in the world — that of the United States.

Another legacy of the war in Vietnam is the arsenal of weaponry left by the Americans after the fall of Saigon in 1975, which together with the battle-hardened Vietnamese soldiers, make Vietnam one of the strongest military forces in Southeast Asia.

Singapore's Prime Minister Lee Kuan Yew summed up the situation by saying "the unhappy admission we must make is that for at least 10 years, there is no combination of military forces in Asean that can stop or check the Viet-

namese army in any conflict."

This conclusion, however, has not prevented the Asean five from strengthening their military forces, with the long-term objective of achieving self-sufficiency in the defence of this region.

The re-arming of Asean has taken two forms:

■ the purchase of sophisticated military hardware from the US and Europe, leading to the possibility of greater standardisation of weaponry, combat aircraft, field and infantry armaments — thus enabling one Asean country to send reinforcements to another beleaguered member state, in the event of an external attack, and

■ greater bilateral co-operation in logistics, and the coordination of ground troops through joint military exercises, thus laying the foundation for multilateral military cooperation should this become necessary.

In the long run, the security of the Asean five lies in their ability to project a combined military capability that would make would-be aggressors think twice, and in the capability to defend national boundaries and sea-lanes, and monitor the movement of forces within the region. This realisation has led to an upsurge in military spending.

According to the IHS, the combined military expenditure of the Asean countries has mushroomed since 1973 from US\$2,849 million to US\$5,966.3 million in 1979, an increase of 47.7 per cent.

Barring the option of self-defence, the Asean countries are left with two other choices in the short term: Asean can either opt for a military alliance with America, or enter into a formal defence treaty with Britain, Australia and New Zealand (an enlarged version of the five-power defence arrangement) or alternatively try to persuade all the superpowers to endorse the concept of the neutrality of Southeast Asia — that is, the Malaysian proposal for a zone of peace, friendship and neutrality (ZOPFAN) which has been adopted in principle by the Asean states.

In the aftermath of the Vietnam war, a military alliance with the United States is not feasible for the simple reason that public opinion and the American Congress would be extremely reluctant to entangle themselves in another Asian war.

Moreover, there is the danger that by aligning themselves with the United States, the Asean region could be drawn into a superpower conflict that would be detrimental to its own national interests.

Linkage with America could have domestic repercussions, since it runs counter to the rising tide of nationalism in Southeast Asian countries. For example, the American naval and air base in Philippines is a bone of contention between the Filipino government and the opposition amidst charges that President Marcos has allowed American air and naval contingents to be stationed in the Philippines in return for tacit support for his authoritarian regime.

The idea of an enlarged five-power defence arrangement is an attractive one. Assuming that Vietnam has hegemonistic designs, the arrangement would serve to restrain Vietnamese expansion, but there is no denying the fact that only the military might of a superpower would be sufficient to deter or repel the inroads of another superpower. That leaves Asean with only one last strategy — the neutralisation of Southeast Asia.

However, the main objection to the declaration of Southeast Asia as a neutral zone, is whether any of the three major powers — China, the Soviet Union and the United States — as well as Vietnam will respect it.

Although history is replete with examples of the fate suffered by so-called neutral countries in a war — that of being ravaged by all the combatants instead of perhaps only one warring state — there are, nevertheless, some cogent reasons why the neutralisation of Southeast Asia may succeed in guaranteeing the stability of the region in the short term.

The neutralisation of Southeast Asia would most probably find ready acceptance in the United States, although there may be some hesitations since acceptance of the concept may bar the United States from maintaining its naval and air base in the Philippines.

Would the neutrality of Southeast Asia also require the severance of America's treaty obligations to Thailand?

Australian commentator Bruce Grant in a paper *The Security of Southeast Asia* argues that there is no reason why, even in a neutral Southeast Asia, America cannot retain its treaty obligations with Thailand or its naval and air bases in the Philippines.

Citing the varied membership of the non-aligned movement

(members of the Soviet bloc, for example, Cuba are members of the non-aligned group), Bruce Grant said that "the definition of neutrality is flexible" enough to accommodate alliances with one of the superpowers.

He also pointed out that with the reversion of Subic Bay and Clark Field to the "national control" of the Philippine government (and consequently the cessation of American extra-territoriality in these places), the Philippines may have now "become acceptably neutral."

Although critics have pointed to the inability of the Soviet Union and China to agree on "anything", Bruce Grant rebuts this by pointing out that the two communist giants may agree on "something if that something has the support of all the states of Southeast Asia and does not offer benefits to either China or the Soviet Union to the disadvantage of the other."

It may be the recognition that a neutral Southeast Asia would be advantageous to both Moscow and Peking that would facilitate the adoption of ZOPFAN, particularly at this juncture when Soviet forces are deployed in Eastern Europe, along the Sino-Soviet border as well as in Afghanistan in addition to the continual need to buttress client states like Vietnam and Cuba.

ZOPFAN would be particularly welcome to Peking which is now in the midst of its modernisation plan. ZOPFAN would enable Peking to exclude the Soviet Union from the region, without the need to increase its defence expenditure, although this advantage would also accrue to the Soviet Union vis-a-vis Southeast Asia.

However, for the Asean states, the main problem with China is the tendency of Peking to dif-

ferentiate between party-to-party relations and state-to-state ties — which enables Peking to continue its support of local communists in Asean countries.

Bruce Grant admits that "it cannot be supposed that China or any other external power could be prevented from supporting rebel or dissident groups in every sense at all times." He points out that at present, China makes a distinction between ideological and material support, which is an improvement on its previous position of whole-hearted backing for friendly communists in the Asean five.

"In particular, Peking's concern that the United States should not vacate the field for the Soviet Union gives it an interest, however complex, in the stability of governments well disposed to the United States." In conclusion he says that it is possible that a neutral Southeast Asia would be attractive to China as a means of stabilising the region and that "the deflation of insurgency, without its abandonment in principle, could be a price worth paying."

Critics are also quick to point out the folly of trusting Vietnam after its invasion of Kampuchea (despite Premier Pham Van Dong's liberal assurances to Asean governments on Vietnam's policy of non-intervention in affairs of other states), and its brief incursion into Thailand in June this year.

However, Bruce Grant suggests that a neutral Southeast Asia would be beneficial to Vietnam; by ensuring the non-interference of superpowers, it would give Vietnam the needed breathing space to rebuild its still shattered economy.

Experts are also of the opinion that the invasion of Kampuchea was a result of Vietnamese perception of Kampuchea under Pol Pot as a direct threat to Vietnamese security. The removal of Pol Pot, and with it, China's toehold in the Indochinese peninsula, was therefore an overwhelming necessity (to the Vietnamese), whereas a neutral Southeast Asia would not be regarded as a threat by Hanoi.

In any case, experts also feel that a direct Vietnamese attack on the ASEAN five may be ruled out — particularly in view of the fact that despite its military superiority, the Vietnamese economy, buffeted by inclement weather and poor harvests, cannot sustain the impact of another war.⁹

Therefore, even though the benefits of a neutral Southeast Asia are of a negative nature, this in itself may be sufficient to persuade Vietnam to endorse this principle.

As for the three major powers, it is not possible to predict with certainty, the degree of adherence of each to the principle of neutrality. However, in the words of Bruce Grant, "while it may be unrealistic for Southeast Asian states to try to exclude external influences (which, in any case, they do not really wish to do), it is perhaps not unrealistic for them to hope to regulate the influence of the external powers."

SINGAPORE LEADS ASEAN PARTNERS IN FAMILY PLANNING

Kuala Lumpur BUSINESS TIMES in English 8 Nov 80 p 11

[Article by Estela Carreon in Singapore]

[Excerpt]

THIS tiny island nation is leading the way for its four other Asean partners in family planning.

Singapore's contraception rate of 71 per cent is, in fact, the highest in South-East Asia, says the latest world population growth indicator released by the Washington-based Population Reference Bureau

(PRB).

And the high rate of contraceptive use is the major reason why Singapore has become the first developing country to achieve the below replacement level fertility. Replacement level implies births equalling deaths.

According to the PRB report, of the Singapore women acceptors, only 9

per cent use the traditional methods (rhythm, withdrawal, abstinence). A high 41 per cent use reversible methods (IUD, pills) and 21 per cent, sterilisation.

Thailand comes in second in contraceptive use in the Association of South-East Asian Nations. Its rate is also a high 53 per cent broken down into: 27 per cent for reversible methods, 17 per cent for sterilisation and 8 per cent for traditional methods.

A far third is the Philippines with 37 per cent. A notable aspect is that because of strong church influence, a good majority of Filipino women acceptors (21 per cent) prefer the traditional contraceptive methods. Only 12 per cent use the reversible methods and 4 per cent, sterilisation.

Rounding up the Asean five are Malaysia with 33 per cent and Indonesia with 24 per cent. In the case of Malaysia, 30 per cent opt for reversible methods, 9 per cent, traditional and 4 per cent, sterilisation.

Indonesia, the most populous Asean nation with close to 145 million, has 23 per cent of its women acceptors going for reversible methods and only 3 per cent, traditional. No figure is available for sterilisation.

AUSTRALIA

BRIEFS

COAL AGREEMENT WITH JAPAN—Tokyo, 8 Dec (KYODO)—A Japanese company announced Monday it has signed an agreement with Australia's Victoria state government on the promotion of a project to liquefy brown coal deposits in the southeastern Australian state. Under the agreement, Nippon Brown Coal Liquefaction Co. (NBCL) said, the Victoria state government will supply brown coal free of charge to a pilot liquefying plant to be constructed by the Japanese firm by the end of March 1982. NBCL, a joint venture of 5 Japanese companies, said the project, calling for construction of the 50-ton-a-day plant, will be promoted as a "national project" of the Japanese and Australian federal government. Investments in the project are estimated at yen 40 billion. Under the agreement, the Victoria state government will also supply brown coal at prices yet to be fixed to a 5,000-ton-a-day verification plant and a 30,000-ton-a-day commercial plant to be built later by NBCL. The verification plant will be completed in 1986-87 and the commercial plant in 1988-1989. [Text] [Tokyo KYODO in English 1113 GMT 8 Dec 80]

CSO: 4220

INDIAN CLAIM TO TALPATTI ISLAND REJECTED

BK201638 Dacca Domestic Service in Bengali 1430 GMT 20 Dec 80

[Text] A foreign office spokesman today made it clear that Bangladesh does not accept the unilateral claim of India over the newly emerged island in the estuary of border-river Hariabhanga. Expressing surprise over the statement made by the Indian foreign minister at the Rajya Sabha yesterday on the ownership of the island, the spokesman hoped that the problem will be peacefully solved in the light of understanding reached between the foreign ministers of the two countries at an early date.

The spokesman noted that the foreign ministers of Bangladesh and India at their Dacca meeting in August last discussed the issue of South Talpatti Island in the estuary of Hariabhanga River and agreed to settle the issue peacefully after the two governments exchange and study further information in support of their respective claims. He said that the Bangladesh Government is still awaiting additional information on the island, which the Indian side promised to supply in support of their claim over the island.

In the light of the understanding reached between the two countries to settle the matter peacefully through negotiations, Bangladesh was surprised at the statement of the Indian external affairs minister. Bangladesh is still standing firmly by the understanding reached between the two foreign ministers on the subject and hopes that the problem will be settled through understanding, the spokesman added.

CSO: 4201

BANGLADESH

BRIEFS

KUWAITI ASSISTANCE--The Kuwaiti Fund for Arab Economic Development has sanctioned a loan of \$13 million for Bangladesh. The loan is repayable in 25 years. [Text] [BK170319 Dacca Domestic Service in English 0830 GMT 16 Dec 80]

ALLEGATION OF REBEL TRAINING DENIED--Dacca, 18 Dec (AFP)--Bangladesh today rejected as "completely baseless" an allegation by the chief minister of the eastern Indian state of Tripura that about 300 tribal rebels of that state were being given training in Bangladesh. An official spokesman said "there is absolutely no truth, whatsoever, in the allegation" of the chief minister of Tripura state which borders Bangladesh. Chief Minister Nripen Chakraborti made his statement on the alleged training to newsmen of Calcutta, capital of West Bengal, state of India, which was broadcast by the Voice of America in its Bengali service last night. [Text] [BK181555 Hong Kong AFP in English 1442 GMT 18 Dec 80]

KUWAITI LOANS--Kuwait is to provide over \$29 million to Bangladesh for financing a rural electrification project. It will also be given another loan of over \$12 million for another project. [Dacca Overseas Service in English 1230 GMT 18 Dec 80]

AUSTRALIAN WHEAT GRANT--Australia is to provide Bangladesh 80,000 tons of wheat as grant under a memorandum of understanding signed in Dacca on 17 December. The grant is part of the Australian Food Aid Program for Bangladesh in 1980-81. [Dacca Domestic Service in English 1530 GMT 17 Dec 80]

CSO: 4220

BALANCE OF PAYMENTS HARDLY WORTH MEASURING

Kuala Lumpur BUSINESS TIMES in English 4 Nov 80 p 6

[Article by Kathryn Davies]

[Text]

WHEN the tiny oil-rich sultanate of Brunei reluctantly throws off the final vestiges of British colonial rule at the end of 1983, few of its citizens hope for or expect major changes. With a Gross National Product of US\$1.06 billion (according to World Bank figures for 1978) and a per capita income of US\$6,000, together with foreign reserves of US\$4 billion, the newly-independent state is unlikely to be short of funds. And there are no signs of an effective challenge from within to the political control exercised by the highly conservative Sultan Sir Hassanah Bolkiah and his family.

Brunei once had an empire of its own. It embraced most of Northern Borneo and a large part of the Philippines. The ruling family is proud of that history. By the time Brunei became a British protectorate at the end of the 19th century, that empire had shrunk to two small enclaves, 8,000 square kilometres in all, separated by the Limbang Valley, now part of the Malaysian state of Sarawak.

But the Sultan had retained perhaps the richest part of his domain. The oil fields, discovered 50 years ago, produce an average of 300,000 barrels a day, modest enough by world standards but enough to sustain the growing prosperity of Brunei's 200,000

people and earn the country some \$US1.4 billion a year.

Fifty years of oil exploitation have transformed Brunei from economic insignificance — as a producer of low-grade rubber — to South-East Asia's largest oil producer after Indonesia.

Several oil companies took part in early prospecting; only Shell stayed, to discover the onshore Seria field in 1930. Offshore production began in 1964, and is now the main activity of Brunei Shell Petroleum (BSP), which since 1975 has been jointly owned by Shell and the government.

There is also natural gas. Since 1960, a company owned by Shell, the Brunei government and Japan's Mitsubishi Corporation has been running one of the world's biggest natural gas liquefaction plants, at Lumut. The Brunei government also has a substantial stake in Brunei LNG and Coldgas, as well as in Brunei Shell Marketing, which sells petroleum products, lubricants and chemicals throughout the state.

Brunei LNG buys the gas from BSP, liquefies it and sells it to a trading company — Brunei Coldgas — which in turn supplies it to three Japanese customers on 20-year contracts. Seven French-built gas carriers deliver over 5 million tons of liq-

uefied gas to Japan every year — 200,000 million cubic feet. Earnings from gas alone amount to some US\$200 million annually.

Some secrecy surrounds the activities of a fifth company operating in the oil industry — Sabaru — which late last year signed a one-year contract with BSP to buy 50,000 b/d of crude oil which Sabaru then sold at a premium through a Japanese trading corporation on the Singapore spot market. Under Brunei company law, private companies with fewer than 50 shareholders are exempt from some conditions and limitations of the Companies Enactment 1964. In particular, they do not have to file their accounts with the register of companies.

When the spot market was buoyant earlier this year, oil experts estimated that Sabaru's shareholders, who are thought to include Prince Mohammed, one of the Sultan's brothers, and Datuk Harris bin Mohammed Salleh, the Chief Minister of the neighbouring Malaysian state of Sabah, had netted around US\$200,000 profit on their contract. More recently, the arrangement has appeared less profitable and some of the crude oil has simply been burned in Singapore power stations. Shell declines to discuss the

Sabaru arrangement but is believed to be unhappy about it.

Accurate statistics about other aspects of the Brunei economy are also sometimes hard to come by. Bankers confess themselves baffled by the lack of information on net capital inflows. Funds are "united" from Singapore and offered by tender to the local banks three or four times a year. But individual banks have no way of knowing whether the total amount of money offered is in fact available, and the results of tenders are not published.

Some balance of payments figures have been made public — in 1978 these amounted to a surplus of US\$1.776 billion — and an economist seconded from the United Nations is working with the Economic Planning Unit to set up a system of national accounts.

But some bankers and government officials argue that precise statistical data is almost irrelevant in determining Brunei's overall economic strategy. "The balance of payments is hardly worth measuring — it's so overwhelmingly in our favour," says Pehin John Low, the chief financial officer (Pehin is a Brunei title somewhat akin to a life peerage).

Pehin Lee presides over a budget in which less than half oil and gas income is used to cover recurrent and development expenditure, the balance being invested overseas.

Roughly a third of government expenditure goes on defence — most on the Royal Brunei Malay Regiment and the 850-strong British Gurkha battalion, paid for by the Sultan. There is no personal income tax in the state and virtually all services — gas, electricity, telecommunications, health and education — are heavily subsidised. Companies, apart from those in the oil industry, are taxed at a rate of 30 per cent on income "derived or accrued" in the state, so foreign income not remitted to Brunei is not taxable.

So far there have been few major development projects outside the gas and oil industries, partly because the government has seen little need to diversify the economy and partly because the local work force prefers the safety of government employment to more speculative private enterprise.

"Diversification must now lie in agriculture, forestry and fisheries," says Pehin Lee. Brunei produces only a quarter of the rice it needs, and the government allocated US\$4.5 million in 1979 to prepare land for

its own rice-growing project.

An agricultural training centre, sponsored by BHP, is training young farmers in modern techniques, and Mitsubishi has set up a cattle breeding project to serve as a base for a livestock industry to supply the local market.

But there is little sense of urgency, even though no one is sure how long Brunei's oil will last. BHP is confident that new techniques will enable oil to flow uninterrupted for at least 30 and probably 50 years. Mr Peter Everett, BHP's managing director, reassured Shell employees recently that they could "still expect to have a full and satisfying career and retire from what will still be an active industry."

"It will undoubtedly be a different scale of operations, producing less in volume, but it will still be a viable industry, responsive to changes." However, some local businessmen and bankers worry that not enough is being done to prepare for the day the oil runs out.

Others, perhaps closer to the ruling family, say that when this happens, the foreign reserves will be sufficient to keep the economy afloat, without any alternative industries at all. — PT

BURMA

BRIEFS

SOVIET CULTURAL TROUPE VISITS--The visiting USSR cultural troupe led by (A.F. God) called on Minister of Culture and Information U Aung Kyaw Myint at 1000 this morning at the Office of the Ministry of Culture on Panzodan Road. Also present at the meeting were Deputy Minister of Culture U Hla Pe, Soviet Ambassador to Burma V.N. Kuznetsov, Director General Dr Khin Maung Myint of the Department of Fine Arts, Head of Office U Khin Maung Thaung of the Ministry of Culture, and responsible officials. [Excerpt] [BK151431 Rangoon Domestic Service in Burmese 1330 GMT 15 Dec 80]

DEPOTS FOR PROCURING PADDY--The Agricultural and Farm Produce Trade Corporation has opened over 900 paddy purchasing depots in 171 townships to procure paddy produced in 1980-81. The state plans to procure 180 million baskets [1 basket equals 46 pounds] out of the paddy produced this year. Procurement target in baskets for states and divisions are as follow: Kachin state 2.615 million, Karen state 0.55 million, Sagaing division 10.641 million, Tenasserim division 1.008 million, Pegu division 50.694 million, Magwe division 2.856 million, Mandalay division 5.377 million, Mon state 7.785 million, Arakan state 7.4 million, Rangoon division 23.746 million, Shan state 0.0129 million, and Irrawaddy division 67.199 million. [Text] [BK141430 Rangoon Domestic Service in Burmese 1330 GMT 14 Dec 80]

BURMA-BANGLADESH BORDER AGREEMENT SIGNED--The Ministry of Foreign Affairs has announced that the governments of the Socialist Republic of the Union of Burma and the People's Republic of Bangladesh today signed the bilateral border demarcation and cooperation agreement in Dacca. The agreement was signed by Minister of Home and Religious Affairs Brig Sein Lwin, who is in Dacca on a goodwill mission, on behalf of the Burmese Government and Bangladesh Home Minister Mustafizur Rahman, on behalf of the Bangladesh Government. The signing ceremony was attended by the representatives of Burma and high-ranking officials of the Bangladesh Government. The draft of the agreement was initialled in Dacca on 24 August 1980 by Deputy Minister of Foreign Affairs U Tin Ohn and Secretary of the Bangladesh Foreign Ministry Kibria. The agreement has now been signed by the home ministers of the two countries. The agreement consists of four main parts: the first part concerns border authorities; the second part is on border ground rules; the third part concerns governmental-level meetings; and the fourth part is on general provisions. [Text] [BK191502 Rangoon Domestic Service in Burmese 1330 GMT 19 Dec 80]

COMBAT NEWS FROM SOUTH--Combat news: On 14 and 16 November, guerrilla attacks by the People's Army on the military government's mercenary troops in (Yavng-u) village in Maw Hpa region, the southern Wa state, killed seven enemy troops and wounded four. On 23 November, a guerrilla attack by the Kayah New Land Army between (Lan Kaw) and (Pi Maw) villages in the southern Shan state killed two and wounded two. The enemy troops were from the military government's mercenary 85th infantry regiment. [Text] [BK050920 (Clandestine) Voice of the People of Burma in Burmese to Burma 0030 GMT 5 Dec 80]

COMBAT NEWS FROM SHAN STATE--On 10 October, a military unit composed jointly of forces from the People's Army and SSNLO [Shan State Nationalities Liberation Organization] ambushed a unit of the military government's mercenaries on the Hopong-Wanlong highway, southern Shan state. The ambush killed two mercenaries and destroyed a vehicle. On 21 October, an SSNLO unit attacked a unit from the military government's mercenary 76th infantry regiment at (Nakhaik) in (Nwephaw) region, southern Shan state. The attack killed four mercenaries and wounded two. On 31 October, two enemy soldiers were killed and two others wounded by the People's Army during a clash near Namsang in southern Shan state. On 15 and 17 November, a unit of the People's Army conducted 9 guerrilla attacks in Kengtawng region, killing 15 military government mercenaries. On 16 and 22 November, the People's Army successfully blew up (Ma Lan) bridge, (Alanku) bridge and nine other bridges on the Myitkhina-Chipwe highway in an attempt to cut the highway which had been used by the military government's mercenary forces when torturing and killing the people and attacking in trying to crush the People's Army in liberated areas north of Myitkyina. [Text] [BK070912 (Clandestine) Voice of the People of Burma in Burmese to Burma 0030 GMT 7 Dec 80]

CSO: 4211

INDIA

COOPERATION AGREEMENT SIGNED WITH UAE

GF211720 Dubayy KHALEEL TIMES in English 21 Dec 80 p 1

[Text] New Delhi--An agreement was signed here yesterday between the UAE and India for promoting technical and economic cooperation between the two countries, at the conclusion of their Joint Commission meeting.

Mr Rashid 'Abdullah, minister of state for foreign affairs, signed the agreement for the UAE, while Mr Narasimha Rao, the Indian external affairs minister, signed for India.

The agreement aims at increasing economic cooperation, facilitating trade exchanges and preparing studies on setting up joint ventures between the two countries besides promoting cooperation in petrochemical industry. Technical knowhow and technology will also be exchanged under the agreement.

Efforts will be made to step up cooperation in the fields of health, labor, security, education and culture as well.

The next meeting of the Joint Commission will now be held in Abu Dhabi in 1981.

In a statement after signing the agreement, Mr 'Abdullah expressed his satisfaction over the outcome of the meeting and said that the UAE would do its best to implement the accord.

Earlier, at the meeting of the Joint Commission, the two countries agreed in principle to take up several joint projects worth millions of dollars, mostly involving UAE financial resources and Indian expertise. Some of them were: gas-based sponge iron plant in the UAE and a 12-million-ton capacity oil refinery and some hotel projects in India.

The investment in India, particularly in hotel projects, will be made by the UAE through the Abu Dhabi Fund for Arab Economic Development (ADFAED) which will conduct feasibility studies in accordance with the scope of the agreement.

During the talks, Mr Rao was assisted by Mr Romesh Bhandari, secretary of external affairs, Mr Lalit Mansingh, Indian ambassador in the UAE, and senior government officials.

Mr 'Abdullah was aided by the 19-member UAE delegation.

Mr 'Abdullah assured the Indian side at the meeting of the Joint Commission that the UAE was prepared to consider increasing fuel supplies to India on a "long-term basis."

The Commission decided to set up a joint Indo-UAE investment corporation and the opening of an office by the India Investment Center in the UAE.

Besides, the two sides reviewed the conditions of the Indian community in the UAE. Mr Rao appreciated the UAE government's role in promoting its welfare.

Mr Rashid 'Abdullah later had a closed-door meeting with Mr Rao.

During the meeting, Mr Rashid 'Abdullah explained the UAE's viewpoint on keeping the Gulf and the Indian Ocean clear of superpower influence. Mr 'Abdullah said the forthcoming meeting of the foreign ministers of the non-aligned states in Baghdad also came up for discussion. The talks covered appraisal of the current regional and international situation. He said their viewpoints were identical on most of the international issues.

Mr 'Abdullah said that the Indian foreign minister assured his country's full support to the Palestinian cause and the right of the Palestinian people to an independent state.

Mr Rashid 'Abdullah also extended an invitation to his Indian counterpart to visit the UAE. He said that his visit would accelerate the pace of increasing cooperation between the two countries.

CSO: 4220

INDIA

DELHI CONFERENCE VIEWS EXPANSION OF OANA

BK171640 Hong Kong AFP in English 1457 GMT 17 Dec 80

[Text] New Delhi, 17 Dec (AFP)—Heads of Asian news agencies meeting here in a UNESCO-sponsored conference on communications have agreed in principle to launch a news exchange network under the auspices of the Organisation of Asian News Agencies (OANA), conference sources disclosed today.

The decision would be forwarded to the UNESCO with the suggestion that the exchange project be given top priority for the international programme for development of communication.

The PTI News Agency, which is expected to be the South Asian anchor for the project, said the name OANA would be amended to read the Organisation of Asia-Pacific News Agencies.

The statutes and working procedure of the new exchange network are expected to be finalised when OANA, formed 20 years ago with UNESCO support, holds its general conference in Kuala Lumpur next year, according to the PTI.

Under the recommendation, conference sources said, each agency, which is assigned the task of receiving and transmitting news, would handle the reception of news from selected agencies and transmit them to another group.

The New Delhi meeting, which began on Monday, will continue its sittings till Friday. Among the participants are India, Afghanistan, Bangladesh, China, North Korea, South Korea, Indonesia, Japan, Laos, Malaysia, Mongolia, Pakistan, Vietnam, Sri Lanka and the Soviet Union.

OANA is at present headed by Indonesia's Antara News Agency, while PTI is its vice-president.

The New Delhi meeting is part of the second UNESCO-sponsored consultation as a follow up to the inter-governmental conference on communication policies in Asia and Oceania held in Kuala Lumpur in February 1979.

Meanwhile, the PTI yesterday took the first step in computerisation of its news operations with a demonstration organised here on electronic editing by computer and channeling the news through an automatic switching system.

CSO: 4220

DOMESTICALLY DEVELOPED 'MAGNETO HYDRO DYNAMIC' GENERATOR DESCRIBED

New Delhi LINK in English 23 Nov 80 p 32

[Article by Ramkrishna Sinha]

[Text]

OF LATE, India achieved an elegant breakthrough on energy front when its Magneto Hydro Dynamic (MHD) generator was successfully tested in Moscow. The installation is coal-operated and the first of its kind in the world. It is entirely based on Indian know-how and independently designed and built by Indian specialists. No doubt, it is a major step in the direction of finding an alternative method of power generation.

In the conventional methods of power generation, chemical (potential) energy of the fuel is converted into electrical energy via mechanical stage. The energy conversion process is completed in four stages: First, chemical energy (fuel) is converted into thermal energy (by combustion) which is used to raise steam. Steam is then fed to a turbine to get mechanical energy which, in turn, is converted into electrical energy with the help of a generator. As the conversion process involves thermal energy stage, it obeys the laws of thermodynamics. These laws impose an inherent limit on the conversion efficiency of the plant. The overall conversion efficiency of a conventional steam power station is nearly 40 per cent.

The techniques that bypass the mechanical energy stage responsible for the major drop in the maximum efficiency due to the losses in the mechanical link are known as direct energy conversion process since they convert thermal energy directly to electrical energy without requiring mechanical stage. The efficiency of these processes are, however, still limited to some extent as they involve the thermal stage. All the same direct energy conversion devices offer very high efficiency and this explains why

great effort has been made during the past decade to exploit these techniques.

MHD generator is one of the various direct energy conversion techniques, others being thermoelectric, thermionic and fuel cell (which bypasses both the thermal and mechanical energy stages). This (MHD) technique has drawn considerable attention of the scientists during the last two years. It is based on a simple discovery of Faraday that when a conductor moves across a magnetic field a voltage is induced in it which produces a current. In the conventional generator, the conductors are made of copper whereas in the MHD generator the solid conductors are replaced by an ionised gas moving at a very high speed. The current is drawn by suitably placing electrodes in the stream of the gas passed through a powerful magnetic field. To obtain high electrical power, high values of magnetic flux density, gas conductivity and gas velocity are required. Fortunately, the development of superconducting magnets (with a high value of magnetic flux density) offer an economic solution to this kind of power generation.

Research projects on MHD generators are underway in USA, Japan and USSR on a large scale. The Soviet Union's pilot plant working on the MHD will soon pave way for commercial production of energy. Its MHD generator is oil-based.

India has the world's largest coal reserves estimated at 83 billion tonnes. Thus the ample supply of coal will make the power generation by MHD attractive here. Now, having tested its MHD generator successfully, India is likely to establish a pilot plant, to be followed by a full-fledged commercial power plant at Trichur in Tamilnadu.

INDIA

BRIEFS

ENVOY TO ICELAND—Raj Kumar Dorendra Singh, ambassador-designate of India to Norway, has been concurrently accredited as ambassador of India to Iceland with residence in Oslo. [Text] [BK170317 Delhi ISI Diplomatic Information Service in English 1614 GMT 15 Dec 80]

CINEMATOGRAPHIC COOPERATION WITH USSR—Soviet Minister for Cinematography F.T. Yermash has said that the India-Soviet relations in the field of cinema have reached a stage where it is necessary to give a new impetus for bilateral cooperation. Speaking to newsmen at the Delhi Airport before leaving for Moscow, he said the protocol signed a few days ago will provide all possibilities of cooperation between the two countries in every branch of cinematography, including coproduction of films. [BK170317 Delhi Domestic Service in English 0830 GMT 13 Dec 80]

CSO: 4220

BELGIAN, JAPANESE AID FOR SHIPPING INDUSTRY

Jakarta HARIAN UMUM AB in Indonesian 18 Oct 80 pp 1, 9

[Excerpts] The Belgian and Indonesian governments yesterday signed a treaty of cooperation to develop an Indonesian shipping company called PT. Industri Kapal Indonesia (PT IKI) or Indonesian Shipping Industry, Ltd. Belgium was represented by Ambassador Jacques I. D'Hondt, while Suhartoyo, director general of Basic Metal Industry, signed for Indonesia.

The aid from the Belgian government will take the form of training of managerial and technical shipping personnel of PT IKI scattered in Ujung Pandang, Padang, Gresik and Bitu.

To this end, three Belgian experts in management and shipping technique will make a study of PT IKI's organization at the latter's dry dock and make suggestions about work methods for a shipping enterprise, while four Indonesian experts will receive training in the same field in Belgium.

In his press statement following the signing of the agreement, Director General of Basic Metal Industry Suhartoyo said that Belgium is most experienced in shipping industry.

He said that this is not the first time that Belgium has rendered aid to Indonesia. Previously, Belgium has helped Indonesia in the Metal Industrial Development Center project and also in making a feasibility study concerning some machinery project.

Besides Belgium, Japan is also helping Indonesia in the field of shipping industry and is presently completing a feasibility study about expansion of a PT IKI's dry dock located in Ujung Pandang.

Ir Ayub Yunus, director general of PT IKI told the press that PT IKI's dry dock is capable of repairing vessels of 500 to 1,000-ton capacity.

After the completion of the Japanese feasibility study, which forms part of their cooperation with the Indonesian government, the capacity of the said dry dock in Ujung Panjang will increase to 5,000 tonnage.

On the average, the Ujung Pandang dry dock repairs about 60 vessels annually, the one located at Bitung about 50 vessels (capacity 300 tons), and the dry docks

located at Gresik and Padang can repair 25-30 vessels and 15-20 vessels, respectively.

One of the difficulties faced by PT IKI in repair work is that there are too many different makes of machinery used by the ships under repair, and so it is not easy to obtain the necessary parts.

Therefore, he suggested that ships use machinery which are common in Indonesia, such as Deutz or MM brands.

Of the government plan to build 104 ships, PT IKI has won an allotment to build 17 for its 4 dry docks.

9300

CSO: 4213

AGREEMENT WITH SINGAPORE ON DEVELOPMENT OF BATAM ISLAND

Kuala Lumpur BUSINESS TIMES in English 1 Nov 80 p 12

[Text]

SINGAPORE and Indonesia signed an agreement here today to help speed up the development of the Indonesian island of Batam as an industrial and free trade zone.

The agreement, signed by Singapore Minister for Trade and Industry Goh Chok Tong and Indonesian Ambassador Sudjatmiko, was designed to facilitate the movement of capital, machines and workers to Batam, officials said.

The pact provides for cooperation in various fields, including trade, industry, banking, communications, taxation, Customs and immigration, which is aimed at improving the investment climate on the 415-square-kilometre (160-square-mile) island, about 30 kms (13 miles) southeast of Singapore.

No specific details were disclosed, and newsmen were given only a statement broadly outlining areas of cooperation under the agreement.

A system of joint marketing of goods and services would be worked out under the agreement which also calls for the maximum use of transshipment and warehousing facilities in Batam.

Under the agreement, the two parties would facilitate the availability of capital and banking services needed for the development of Batam. They also would exchange advisers, experts and technicians.

Both parties agree to take measures in the field of taxation which will encourage investment in Batam, including simplification of tax administration procedures and methods for the avoidance of double taxation," the statement said.

Customs and immigration procedures would be streamlined to help the flow of goods and people between the Indonesian island and Singapore, it added. The agreement would be in force for five years and could be extended for five more years, it said.

Except for minor changes, the agreement closely followed a draft agreed upon by Indonesian President Suharto and Singapore Prime Minister Lee Kuan Yew last July, officials said.

Mr Lee has made it clear that there will be no direct Singapore government investment in industrial enterprises on Batam, but officials said the agreement would lead to a large investment stake for Singapore

SINGAPORE, Oct. 31

companies on the island.

Mr Goh said after the signing ceremony that Batam would complement Singapore's economic development.

"There will be some competition in some areas but competition is good for the soul of development when carried out within the market framework," he said.

Economic experts here said that Batam would provide an ideal location to some of the labour-intensive industries which would be phased out in favour of high technological enterprises under Singapore's new economic policy.

Mr Sudjatmiko, who also spoke after the signing said: "Batam as an industrial region has five objectives to attain — transshipment activities, an industrial area, an export processing zone, marshall yard for big projects and a tourist resort."

"Since the development of Batam island at the early stage is focused on labour-intensive industry, it will not compete with a capital-intensive industry which characterises Singapore. Indeed, they will be complementary."

— Reuter

PLAN TO DOUBLE OIL REFINING CAPACITY BY 1983

Kuala Lumpur BUSINESS TIMES in English 7 Nov 30 p 6

[Article by Richard Cowper in Jakarta]

[Text] INDONESIA has the somewhat doubtful distinction of being not only the largest oil and gas exporting nation east of the Gulf but also one of the region's biggest oil importers. The country's antiquated refinery structure — one unit dates back to 1922 — has been unable to keep pace with soaring domestic consumption of oil products which in the 1970s grew at an average rate of nearly 14 per cent.

At last, however, the government has taken the bite between its teeth and embarked on plans at least to double refining capacity by 1983, from the current 400,000 barrels per day to 800,000 b/d. Contracts recently signed with Bechtel Corporation of the US to build a 200,000 b/d extension to the refinery at Balikpapan in East Kalimantan and with Fluor, also of the US to build a similar 200,000 b/d extension to the Cilacap refinery in central Java should make Indonesia largely self-sufficient in refining by 1983. Together the two projects will cost Indonesia an estimated US\$1.6bn.

The country's third largest refinery project, at Dumai in central Sumatra, now looks as if it may at last go ahead next year as the government seems finally to have made up its mind to perform a U-turn and offer state-backed financial guarantees for the US\$200m project.

The speed at which the refineries at Cilacap and Balikpapan have been initiated has largely been thanks to a surge in oil and gas revenues which brought Indonesia record earnings in 1979-80 of close on US\$11bn. The two extensions will be managed by Pertamina, the state oil company, and financed through the Indonesian government.

If most experts expressed surprise at the speed with which the government has moved on Balikpapan and Cilacap the reverse has undoubtedly been true of the controversial expansion of the Dumai oil refinery in central Sumatra. The on-off hydrocracker — badly needed to distil low sulphur waxy residue (LSWR) into middle distillate for the local market — had become almost a by-word for how to avoid building a project while giving the impression that the construction stage was just around the corner.

Conceived in the heady days of General Ibnu Sutowo's flamboyant leadership of Indonesia's state-owned oil company in the early 1970s, the project was shelved after Pertamina brought Indonesia almost to the brink of bankruptcy with debts of over US\$10bn in 1978. The hydrocracker plan was revived again nearly three years ago, but, despite persistent reports to the contrary over the last six months, it is now

clear that both the financing and the ownership of the refinery have yet to be completely sorted out.

The key problem which has held the project up for so long has stemmed from the government's refusal until now to provide official government guarantees for the financing. After the Pertamina crash, Indonesia's technocrats were understandably worried at the growing demand for debt servicing. Wherever possible they tried to get large scale projects built with the minimum of direct government financial involvement.

The result of this attempt to get Dumai built through so-called off-balance sheet financing was that the project ran into all kinds of financing difficulties. With output from the hydrocracker due to go to the domestic market, bankers were extremely wary of lending such large sums of money without official government guarantees. At the same time leading contractors were reticent because they feared that with government controlled domestic pricing the project might not be economically viable.

Thanks to the boom in oil prices, however, Indonesia's financial position is now almost the reverse of three years ago. Indonesia's technocrats, their coffers full to overflowing with reserves of well over US\$20bn, now appear to be ready to put an end to an experiment with

off-balance sheet financing that has undoubtedly been more trouble than it has been worth. This change will certainly ease the financing for the project.

According to Indonesia's Minister for Mines and Energy, two Spanish construction companies, Technicas Reunidas and Contunion have been awarded the contract to engineer and build the 80,000 b/d hydrocracker with Voest Alpine of Austria assisting on much of the construction.

The government is now in the process, however, of revisiting the ownership and financing side of the package, and it seems likely that the project might go ahead next year with Pertamina — and therefore the government — taking a controlling interest.

Even if construction starts in early 1981, for the next three years at least Indonesia's cracking capacity (60,000 b/d) will be totally inadequate to deal with the residual fuel oil surplus.

The crux of the problem is the peculiar quality of some 70 per cent of Indonesian crude with its low sulphur, heavy fuel oil characteristics. Because most of the refineries date from an era when export of products, rather than crude, was the rule, they are situated

at the producing fields themselves, with neither intake nor location taking account of the domestic market. Only three — the existing refineries at Dumai (100,000 b/d), Plaju (110,000 b/d) and Cilacap (100,000 b/d) — can process even small amounts of non-Indonesian crudes. The rest produce an excess of low sulphur waxy residue (LSWR) from distillation of the mainly paraffinic, waxy local crudes.

There is little doubt that the decisions to go ahead with Cilacap and Balikpapan took some of the urgency off the Dumai project, but even though the need to distill LSWR for the domestic market is now not so pressing officials at Pertamina are still keen to go ahead with the hydrocracker.

No one doubts however that Indonesia needs to move fast on expanding its refining. Although the country has around 600,000 b/d in refining capacity the range of products it can make does not reflect existing consumption patterns which are heavily geared to diesel oil and kerosene.

Though the country was the world's tenth largest exporter of oil last year with exports of 411m barrels of crude and LSWR, the increasing cost of importing re-

fined products and Middle East crude coupled with growing domestic demand (currently growing at over 10 per cent a year) have been seriously worrying the nation's economic planners.

Domestic consumption of petroleum products grew from 370,000 b/d in 1977 to 547,000 b/d last year and is projected to increase to around 600,000 b/d by 1985. Without the new refineries Indonesia's Minister for Mines and Energy, Professor Subroto, estimated that the country's refining capacity shortfall would widen to 50 per cent by 1985 from 40 per cent this year. The country's crude oil and product import bill makes disturbing reading. Last year it was US\$1.4bn, but this year it is expected to jump 75 per cent in value to US\$4.5bn.

These reasons alone were enough to persuade Pertamina that decisions on new refineries had to be finalised this year. That the Dumai affair looks as if it will not be resolved until the end of this year, or the early part of next, undoubtedly caused considerable dismay within the national oil company, though they must now be secretly happy that the government has finally been forced to do it their way.

— FT

OIL AGREEMENTS SIGNED WITH SIX FOREIGN COMPANIES

Kuala Lumpur BUSINESS TIMES in English 15 Nov 80 p 1

[Text]

JAKARTA, Nov. 14
THE Indonesian government today signed oil and gas production sharing agreements with six foreign companies involving a total investment of US\$285 million (Rp2000.00 million) in exploration over the next six years.

Areas to be explored by the companies are in offshore locations in the Java Sea, according to the state-owned Pertamina Oil Company.

The foreign companies also agreed to pay a total of US\$25 million (Rp1875.00 million) bonus for data compensation to Pertamina.

The American Continental Oil Company (Common) Java Sea Inc was awarded a 17,000 square km offshore area known as the Karimun Block.

The Union Oil Java Sea Ltd, also an American company will work in 17,000 square km area offshore of Madura Island, while Atlantic Richfield Ball Inc has chosen a 16,000 square km area offshore Kangean Island, north of Bali.

The Italian Agip (Overseas) Ltd, in joint venture with Union Oil Texas Ball Inc and the Yugoslavian Ina Naftalin Company will be working in 16,000 square km area north of Sakala Island, northeast of Bali Island.

If oil is found, sharing split will be 85-15 in favour of Indonesia. For natural gas it will be 75-25, a Pertamina official said. — Router

INDONESIANIZATION OF FOREIGN COMPANIES

Jakarta KOMPAS in Indonesian 25 Oct 80 p 2

[Excerpts] In 1980 the Foreign Investment Coordination Agency (FICA) took two important measures within the framework of Indonesianization of enterprises with foreign capital facilities, according to its provisional chairman, Ismail Saleh.

The two major FICA steps involve the Indonesianization of shares and of work force, so that the foreign companies will reflect an Indonesian image and trait. Nevertheless, although the majority shares will be in Indonesian hands, the legal status of the enterprises concerned remains foreign.

In order to present an Indonesian image and characteristic, the first phase involves the transfer of shares ownership. It has been stipulated that after a period of 10 years, foreign capital must decrease and majority shares must be owned by the Indonesian side.

However, FICA will now no longer wait 10 years for the transfer of shares ownership. Instead, it will ask for the transfer in stages as time passes in line with the companies' category and viability. For example, a foreign company may have transferred a certain percentage of its shares to the Indonesians after 4 years. Later the percentage will be increased after 6 years of existence, so that by the 10th year all shares will have been transferred to the Indonesian side. It is hoped that foreign enterprises can utilize the money market for the transfer of foreign shares to the Indonesians.

Apart from the step-by-step transfer of shares, FICA will also tighten the rules for the utilization of foreign experts. Foreign personnel is going to be restricted. As long as Indonesian work force is available to do the same job done by foreigners, the former should be given preference.

Foreign personnel will be restricted not only at the ordinary work level, but also at the management level, and even the board chairman and chief executive officer. In order to solve the problem of utilization of Indonesian work force, each foreign company is obliged to conduct a training and practice program. This program has existed on paper, but has never been implemented; therefore FICA will press on the matter.

Within the framework of transfer of foreign work force to the Indonesian side, FICA plans to draft a list of priority scale. On this list will be specified

categories of work which still require foreign experts and others which should be done by Indonesians, which would eliminate the unnecessary utilization of foreign experts.

Through the above-mentioned measures, the process of Indonesianization will proceed smoothly as expected, so that foreign companies will be able to reflect an Indonesian image and trait.

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CSO: 4213

FAMILY PLANNING PROGRAM TERMED HUGE SUCCESS

Kuala Lumpur BUSINESS TIMES in English 12 Nov 80 p 6

[Article by Richard Cowper in Jakarta]

[Text]

INDONESIA'S first President, Sukarno, was not in favour of family planning. He firmly believed that contraception was a threat to the country's morals and his motto was "the more (children) the better." General Suharto, never had any doubts about his country's desperate need for a well-organised family planning programme.

Just four years after he came to power in the wake of an abortive coup attempt in 1965, Indonesia has got its first family planning board. Directly answerable to the President himself it was allocated US\$1.3 million by the government and more than US\$2 million by foreign donors.

Today more than US\$60 million a year is spent on the programme and Indonesia has been so successful at reducing its fertility rate that demographers from all over the world are having to revise their most fundamental assumptions about the best way of implementing such programmes in the light of the Indonesian experience.

There is little doubt that Indonesia needs all the family planning it can get. With the current population estimated to be around 150 million souls Indonesia is the fifth largest country in the world, and every year there are more than 3.1 million new mouths to feed, and two million new jobs to be found.

With a GNP per head of less than US\$400 a year Indonesia is classed by the World Bank as one of the "low income" countries, and though estimates vary considerably it seems certain that at least 20 per cent of the population is living below the poverty line.

The overwhelming task of attempting to lead the current population would undoubtedly have been far worse had it not been for the ingenuity of a group of young and bright family planners. With the personal support of the President they have brought Indonesia's fertility rate (births minus deaths) down from around 2.4 in 1970 to an estimated 1.5 per cent today — a 50 per cent decline within the space of 10 years.

The government is now so confident that it can continue its remarkable trends into the future that it has brought forward its target of reducing the fertility rate to one per cent by the year 2000 to the year 1990 — a task that five years ago would have seemed like banking on miracles.

That family planning can be so effective in a society which largely consists of rural illiterate poor has called into question the hitherto widely held belief that fertility decline calls for huge changes in what sociologists call "modernisation attitudes."

For example Indonesia's rural poor, it seems, do not cling to the idea that a large number of children is a form of old age insurance. Until recently this belief was widely held to be the cause of the failure of Indian efforts to reduce the birth rate.

Some experts in Jakarta say that the failure in other countries to develop a successful family planning programme has resulted in "excesses" like this, when in fact it was a question of bad planning and a failure in communication.

After just over 10 years of sustained development Indonesia's programme has met with a success beyond the wildest dreams of its originators. On the over-crowded island of Bali,

for example, a world fertility survey conducted in 1978 found that fertility rates had declined 34 per cent in the first five years of the programme. In 1971 Balinese women were producing on average around 3.1 children. By 1978 this number had fallen to 2.0. Today the target is the two-child family.

In a recent study demographers Yonance and Valeria Nuli and Maori Singarimbun called Indonesia's programme "a success story unrivalled in family planning history."

They described Indonesian efforts as a "story

of total government commitment, strong foreign donor support, flexible and innovative approaches and enthusiastic community involvement which together make for one of the richest object lessons of all attempts to institute birth control on a mass scale."

One of the keys to its success has been that it has been run by a man of enormous talent and flexibility who has been able to set up a completely new department unencumbered by the dead weight of Indonesia's bureaucratic tradition.

Around him Mulyono Suyono has attracted a young, dedicated and talented staff for whom innovation has become a way of life. Mulyono — a man equally at home with babies and computers — realised early on that the programme would only be as effective as its weakest link.

The result has been brilliant planning down to village level, recruitment of local part-time field workers on a massive scale and the co-opting of village religious and administrative leaders.

The number of family planning clinics in Java and Bali alone increased from 110 in 1967 to around 2,000 at the end of last year, while more than 1,000 full time field-workers have been recruited along with some 30,000 part-time volunteers who have set up village contraception distribution centres.

Today more than 30 per cent of married women of reproductive age in the overcrowded islands of Java and Bali are using some form of contraception while around 50 per cent have used contraception at least once in their lives.

Much remains to be done however — in particular on the other islands. If this much larger area is taken into account only 17 per cent of Indonesia's married women are using contraception. Put another way, 6 million women of reproductive age are using contraception, 12 million still need to be contacted and 8 million ignored ones need to be drawn back into the fold — an enormous task by any standards. — FT

LARGE LABOR FORCE AVAILABLE IN JOB MARKET

Jakarta PELITA in Indonesian 16 Oct 80 pp 1, 7

[Text] During the 3rd Five-Year Plan (Pelita III), about 1.3 million people enter the job market every year, bringing the total of labor force to an additional 6.5 million by the end of the Five-Year Plan.

Add to this the 3.5 million people who could find no employment during the 2nd Five-Year Plan (Pelita II), and the total of work force by the end of Pelita III would mean an addition of 10 million people.

Dr S. Subagyo, public relations officer of the Department of Manpower and Transmigration, said recently that the total labor force throughout Indonesia was estimated at 56,078,723 for the year of 1979, as compared with the 1976 figure of 48,430,954 people.

He did not give the work force statistics for the year of 1980, but he explained that the available laborers ranged between 10 and 40 years in age. He added that prospective workers who will enter the job market will cover the ages of 18 to 40 years.

With regard to the unemployed, he said that 1,124,717 people were registered jobless in 1976. The number of unemployment during the 2nd Five-Year Plan was estimated at 2.23 per cent of the total 10 million labor force that was to enter the job market, or 2.3 million people.

Add to this figure the balance of the unemployed during Pelita II, which numbered more than 1.1 million people, and we will arrive at the figure of 3.6 million unemployed by the end of Pelita III, he said.

Subagyo said that the government has set up skill training centers in an effort to distribute the available labor force.

So far 12 industrial vocational training centers have been set up in Jakarta, Bandung, Yogya, Semarang, Solo, Surabaya, Singosari (East Java), Ujungpandang, Jayapura, Medan, Padang and Palembang.

Seventeen new training centers are being constructed, plus 90 small-scale training centers, in various counties throughout the country.

Furthermore, there are also vocational training centers in the field of agriculture located in Central Java, West Java and East Java. A forestry training center has been set up in East Kalimantan, and a welding training center is also available at Condet, Jakarta.

Other training centers for other skills, such as management, have been formed in Medan, Jakarta, Yogyakarta, Surabaya, Semarang and Jayapura, according to Subagyo.

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CSO: 4213

LABOR LEADERS REVIEW 'RIGHT TO STRIKE' ISSUE

Jakarta SINAR HARAPAN in Indonesian 17 Oct 80 pp 1, 12

[Excerpts] The impression as if the Indonesian labor movement rejected the right to strike on account of foreign investors' pressure and demand is entirely not true, stated Agus Sudono, chairman of the central committee of All-Indonesia Workers' Federation (FBSI).

The FBSI general chairman commented last Thursday that such an impression is a slander that would evoke wide-ranging influence.

He was commenting on an editorial of a certain Jakarta newspaper published on 13 October which said: "We wish to remind labor of just one thing which apparently has not been known to the Indonesian people, and particularly its labor force. That is, that during a meeting among Western entrepreneurs and industrialists held in Geneva in 1966 under the sponsorship of Henry Luce, publisher of TIME magazine, in an attempt to mobilize the investment of industrialized countries' capital to help Indonesia, one proposal was brought up. According to this proposal, the foreign capitalists demanded that if they were to invest in Indonesia, the Indonesian side must guarantee them one thing: There shall be no labor strike or complaint from the Indonesian laborers."

Agus Sudono remarked that this "Geneva consensus" was not known to him until its publication by the said newspaper. He demanded a clarification from the said paper as well as the government based on facts available to them. If the reported consensus were true and if the government were to use it as a principle to prohibit labor strikes, then the FBSI's central committee urged that the said consensus be revoked. Sudono added that FBSI is prepared to hear criticisms openly on conformity with democratic principles which his organization supports highly, but he would not accept slander. He explained that since the founding of FBSI, this labor federation has invariably upheld and defended the most basic rights of Indonesian laborers, including the right to strike as regulated in Article 13 of Law No 14/1969 concerning Fundamental Provisions Governing Manpower.

Thaheransjah Karim, chairman of the standing central committee of FBSI, stressed that the right to strike represents a basic right for laborers, which is an universal as other human rights.

What is important in Indonesia is for us to avert labor disputes which could goad labor leaders to resort to their right to strike.

Up till this moment there is no prohibition against strikes, except prevention against strikes and lock-outs in vital enterprises, agencies and organizations as regulated in Presidential Decree No 7 of 1963. This decree was subsequently followed by Presidential Decision No 132 of 1963 concerning a list of 60 vital bodies and enterprises, most of which are state-owned for public interest. Outside of these 60 enterprises, the right to strike is still regarded legal and lawful, he said.

He continued that the rule of the right-to-strike game is in fact implicitly regulated in Article 6 of Law No 22 of 1957, which stated that if labor or management wants to stage a strike or a lock-out, they must formally inform their intention in writing to the chairman of the Regional Committee for Resolving Labor Disputes.

The author of the letter must state that negotiations involving major problems of the controversy between labor and management, that intentions for negotiation have been rejected by management or labor, or that one party has not succeeded in inviting the other party to the negotiation table twice within a period of 2 weeks.

Thus, we may infer that it is not necessary to ask for and obtain a permit for a strike from a government agency, but merely to inform it, said Thaheransjah Karim.

In reply to a question concerning the existence of the "1966 Geneva consensus," he said that is something incredible. The consensus reportedly mentioned that foreign investors would invest their capital in Indonesia only if Indonesian laborers would refrain from staging a strike and other actions.

According to Karim, this does not make sense, because Geneva, as headquarters of international movements, invariably fight for human rights, including laborers' right to strike.

Even if the said consensus existed, it was entirely wrong, unless it was wilfully created by opponents of human rights, he emphasized.

It is apparent that the Indonesian government has not acquiesced to the demands of foreign investors, even assuming that the government has been abiding by the "1966 Geneva consensus." The fact is that Law No 14 was promulgated in 1969, and its Article 13 recognized the existence of the right to stage a strike, demonstration and lock-out at enterprises. However, although the said law is already 11 years old by now, there is no execution regulation governing the use of the right to stage a strike or demonstration, Thaheransjah Karim said.

S. Subagyo, chief public relations officer of the Department of Manpower and Transmigration, explained to this paper Thursday that the laborers' right to strike is, in fact, not in conformity with Pancasila Labor Relations. Anyway, there is now a sense of awareness among laborers to emphasize productivity in the interest of national development. Even so, Indonesia's regulations still make it possible for labor to utilize their right to strike.

Commenting on the "1966 Geneva consensus," he explained that at that time Indonesia had already withdrawn itself from the International Labor Organization and did not rejoin with organization until 1967.

The right to strike is justified in the ILO convention, and as an ILO member Indonesia is obliged to abide by it, said Subagyo.

SANUSI RESIGNS FROM PDI'S CHAIRMANSHIP

Jakarta KOMPAS in Indonesian 17 Oct 80 pp 1, 12

[Excerpts] Moh. Sanusi Hardjadinata yesterday afternoon announced his resignation as general chairman of the Indonesian Democratic Party (Partai Demokrasi Indonesia = PDI). He made this unexpected announcement in a press conference held at the PDI Headquarters, Jl. Diponegoro 58, Jakarta.

"It is not my intention or desire to desert my comrades in struggle, but as a human being I have to take care of my health. I'm afraid that I'd lose my mental balance after more than 5 years of tension in carrying out the mission assigned me by the Chief of State," he told this paper at the residence of Mrs D. Walandouw (PDI's treasurer) last night. "There is a limit to patience, judgment and perseverance. If I lose my mental stability, I won't be able to exercise good judgment."

This inner voice of Sanusi Hardjadinata represented an elaboration of his explanation during the press conference which was attended by Prof Usep Ranawidjaja (chairman of the standing committee), Aberson MS (deputy secretary general), G. Sani Fenat (general treasurer), Mrs D. Walandouw, Mustafa Supangat, Rusli Dahlan (all three are treasurers), and Dr M. B. Samosir (deputy secretary general). None of these central committee officers had any foreknowledge of Sanusi Hardjadinata's resignation from the party's topmost position during the press conference.

In a prepared statement, Sanusi explained the role he had played in the leadership of the party, that is, to respond to President Suharto's call in February, 1965 to lead the Partai Demokrasi Indonesia which was then in disarray due to internal squabbles and in-fighting among certain leaders of former elements of Partai Nasional Indonesia (PNI = Indonesian Nationalist Party).

As a PNI member, Sanusi said, I feel obliged to help create harmony within the body of ex-PNI elements for the well-being of the PDI, especially among national-level leaders. Based on this sense of moral obligation, I accepted President Suharto's appeal.

He explained that he has served PDI as general chairman for 2 terms, the first time was when he took over the leadership from Mh. Isaeni till the convocation of PDI's first congress in April, 1976, and the second time was the continuation of that leadership until now.

He repeatedly explained that the disharmony among former PNI leaders has become the main factor for the protracted disarray within the PDI, plus other extraneous factors.

In subsequent developments, however, he was able to announce on 6 September 1980 that the central leadership of PDI was functioning formally and effectively. In fact, for this show of unity, he described the central leadership as the "United" one. Viewed from the harmony recovery of former PNI leaders, the functioning of PDI's central leadership carried with it a determined will to cement the friendship which has been broken for 6 long years. One and all sat together in an atmosphere of unity and solidarity to resolve the problems facing them. As the disarray within the body of PDI originated from the disharmony among former PNI leaders, the 6 September announcement represented the birth of a new era for PDI, thus said Sanusi Hardjadinata.

After citing a number of complex problems, Sanusi said that we need certain human virtues to solve them, such as perseverance, stamina, wisdom, patience and particularly mental balance. "For the past 5 years, I have been trying my utmost to put these qualities into play. I have been persevering, patient and wise enough, I think. But no man is perfect, and there is a limit to his ability, particularly the ability to be patient and persevering," he said. "The time has come for me to state sincerely and openly that my ability to be patient and persevering has been taxed to the limit. So please allow me to free myself from the PDI leadership activities to which I have been bound for the past 5 years."

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CSO: 4213

WORK ON CENGKARENG AIRPORT WILL BEGIN EARLY 1981

Jakarta KOMPAS in Indonesian 28 Oct 80 p 2

[Excerpts] Last 27 September the Indonesian government decided to award the tender to build the new international airport at Cengkareng, Jakarta to Sainrat et Brice, one of the 5 all-French participating contractors. The decision was announced before all participants on 29 September at the office of the Jakarta International Airport Cengkareng project in Tangerang.

In his press statement last Monday, Wasito, chairman of the International Tender Committee for the Construction Work of the Jakarta International Airport Cengkareng, said the value of the contract is 340,815 billion rupiahs. Actual construction will begin at the beginning of 1981. In this project, Wasito, who is secretary of the Directorate General of Air Communication, concurrently acts as secretary of Development Authority of the Cengkareng Airport which is under the chairmanship of the minister of communications.

Sugiri, the director general of communications who led the press conference at Cengkareng last Monday, said that the amount of the contract will be renegotiated for a reduction in price. This is already known by the tender winner who is prepared to negotiate on the matter again. Administrative matters will be completed by the end of this year, so that actual construction of the airport may start early next year.

The first state of the project will be completed in 1984, when Jakarta's air space will no longer be adequate to accommodate its air traffic tempo. Consequently, if the center of aviation activities is not shifted to the better-equipped Cengkareng airport, the condition is likely to endanger air travel and jeopardize air safety, especially during take-offs and landings of innumerable planes, besides reducing efficiency to all concerned.

The other 4 French contractors who lost in the tender bid offered varying expenditures for the airport project from 304,754 billion rupiahs to 486,004 billion rupiahs. All these five French contractors had been invited to take part in the bidding because the French government provided credit for the development of the international airport at Cengkareng.

In reply to newsmen's questions, Director General Sugiri said that it has been agreed to accept a loan from the French government amounting to French Fr 900 million or about 129,150 billion rupiahs for a period of 4 years. The remaining funds will be provided by the Indonesian government.

It is hoped that no obstacle will be met along the way, so that the airport will be in operation by 1984, said Director General Sugiri. The Cengkareng airport will have 2 parallel runways separated from each other by 2,400 meters. The southern runway, which is 3,660 long, will be reserved for international aviation, while the northern runway, measuring 3,050 meters long, is for domestic flights. Each runway is 60 meters wide, in conformity with the current and future aviation requirements.

The international parking apron and shelter can accommodate 7 Boeing 747's or its equivalents, while the domestic apron and shelter can accommodate 14 Airbus A 300's. The parking pad on the far side can handle 8 Fokker F 28's in position, and its cargo pad can handle 4 Boeing 747's in position.

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CSO: 4213

SPK REPORTS HUN SEN'S 28 NOVEMBER NEWS CONFERENCE IN BUDAPEST

BK300943 Phnom Penh SPK in French 0411 GMT 30 Nov 80

[Text] Phnom Penh, 30 Nov (SPK)--There is no "Kampuchean problem" except the one concocted by the slanderous propaganda of reactionaries as a pretext for calling a conference so as to interfere in Kampuchea's internal affairs, declared PRK Foreign Minister Hun Sen during a press conference held in Budapest on Friday [28 November].

For nearly 2 years now, he said, aside from working to improve the living conditions of our people, we have only occupied ourselves with defending our western borders against infiltrations of the Pol Pot-Ieng Sary bandits hiding in Thailand.

The minister added: The people's revolutionary power in Kampuchea has been consolidated from top to bottom and general elections will be held early next year. The Kampuchean people warmly welcome this good situation and are proud of it.

Hun Sen stressed that it is necessary to end the nupj rab by China which colludes with the United States and uses Thailand as a springboard to sabotage the PRK. This, he said, will not only do Kampuchea a good turn but also make a great contribution to stability and peace in Southeast Asia.

In conclusion, Minister Hun Sen expressed his gratitude to the Hungarian people, party and government for their support for Kampuchean people's just cause.

CSO: 4200

KAMPUCHEA

BRIEFS

INDUSTRY MINISTRY POLITICAL COURSE--Phnom Penh, 11 Dec (SPK)--The Ministry of Industry recently concluded an intensive political course for 150 cadres. Acting Industry Minister Muon Sareth highly appraised the results of the course and instructed the cadres to improve their knowledge, strictly observe discipline and contribute to the training of personnel in various local factories. [Text] [BK150555 Phnom Penh SPK in French 1434 GMT 11 Dec 80 BK]

PRK, HUNGARIAN LEADERS TALK--Phnom Penh, 28 Nov (SPK)--KNUPNS and KPRC President Heng Samrin on Thursday [27 November] held talks with First Secretary of the Hungarian Socialist Workers' Party Central Committee Janos Kadar at the party Central Committee's office. Also present on the occasion were Kampuchean Minister of Foreign Affairs Hun Sen and Kampuchean ambassador to Hungary Khuon Ran. Hungarian Minister of Foreign Affairs Puja Frigyes also attended. The talks proceeded in a cordial and friendly atmosphere. On the same day Kampuchean Minister of Foreign Affairs Hun Sen and his Hungarian counterpart Puja Frigyes held talks at the Hungarian Ministry of Foreign Affairs. [Text] [BK300700 Phnom Penh SPK in French 1448 GMT 28 Nov 80] Phnom Penh, 30 Nov (SPK)--According to a report from Budapest, important documents have been signed at the end of the talks between the KNUPNS and KPRC delegation and a delegation of the Hungarian party and government on Thursday [27 November]. The two delegations signed the joint Kampuchean-Hungarian declaration, agreements on cooperation in sanitation; financial and economic assistance; scientific and cultural cooperation; and a consulate agreement. The Kampuchean delegation was headed by KNUPNS and KPRC President Heng Samrin and the Hungarian delegation was headed by Gyorgy Lazar, member of the Politburo of the Hungarian Socialist Workers' Party Central Committee and chairman of the Council of Ministers. [Text] [BK300708 Phnom Penh SPK in French 0409 GMT 30 Nov 80]

RADIO DELEGATION RETURNS--Phnom Penh, 9 Dec (SPK)--The delegation of the "Voice of the Kampuchean People" National Radio led by its director general Un Dara returned to Phnom Penh on Monday [8 December], ending its 17-day visit to the SRV. During its stay, the Kampuchean delegation exchanged experiences with the leaders of the Vietnam Radio and Television Commission and attended a meeting held in its honor by the commission's personnel. The meeting stressed the militant solidarity and friendship between Kampuchea and Vietnam, especially the cooperation between the "Voice of the Kampuchean People" Radio and the Vietnamese Radio and Television. The Kampuchean delegation had a talk with Tran Lam, chairman of the Vietnam Radio and Television Commission. The two sides discussed the implementation of the agreements signed between the two services. [Text] [BK111309 Phnom Penh SPK in French 1445 GMT 9 Dec 80]

ART TROUPE IN LAOS--A Kampuchean artistic ensemble led by Pich Tum Travel arrived in Vientiane on Saturday [29 November]. On Sunday it gave its premiere in a soiree attended by Premier Kaysone Phomvihane, Lao President Souphanouvong and other Lao leaders. [BK041425 Phnom Penh SPK in French 1437 GMT 2 Dec 80 BK]

MEDICAL SCHOOL INAUGURATION--A medical school was inaugurated in Phnom Penh on Saturday [23 November] by Vice Minister of Health Chey Kanha. The first batch includes 177 students, 121 of whom are midwives, nurses and 1st grade pharmacists. [Text] [Phnom Penh SPK in French 1425 GMT 24 Nov 80 BK]

RELIEF AID DISTRIBUTION--The Phnom Penh People's Revolutionary Committee distributed on Sunday [30 November] 6 tons of relief items to 637 families in the Phnom Penh Thmey commune. The relief items include 2,589 kg of rice, 1,900 kg of green beans, 1,268 kg of flour and other useful items such as mosquito nets, blankets and mats. [Phnom Penh SPK in French 0400 GMT 1 Dec 80 BK]

SOVIET JOURNALISTS VISIT--Phnom Penh, 13 Dec (SPK)--The USSR Union of Journalists delegation led by Albertas Laurinchykas, editor in chief of the paper TIESA, secretary of the union and chairman of the Union of Journalists of the Lithuanian SSR, left Phnom Penh on Friday, ending its 5-day visit to Kampuchea. The Soviet delegation was seen off by Chen Snguon, permanent deputy secretary general of the KNUPNS Central Committee, and other personages. Also present were staff members of the Soviet Embassy in Kampuchea. During its stay, the Soviet journalists visited the Tuol Sleng torture center; the mass graves in Dangkaio district, Kandal Province; Orphanage No 1; and hospitals, schools and ricefields in Kompong Speu Province. The delegation was warmly received by PRK Foreign Minister Hun Sen; Vice Agriculture Minister Kong Samol; Un Dara, vice chairman of the Kampuchean Journalists Association and director general of the "Voice of the Kampuchean People" National Radio; and Dith Munty, deputy director general of the press agency, SPK. [Text] [BK140742 Phnom Penh SPK in French 1434 GMT 13 Dec 80]

COLUMNIST DESCRIBES GOOD ATMOSPHERE OF BOAT RACES, RELATIONS WITH THAILAND

Vientiane VIENTIANE HAI in Lao 5 Nov 80 pp 2, 4

[Article in "Talking Together" Column by S. Thipthiengchan: "A Friendship That Cannot Be Forgotten and Will Never Die Out"]

[Excerpt] The long-standing friendship and understanding of the peoples on the two sides of the Mekong River are now being expanded and improved. The thousands of residents of Nong Khai who were waiting greeted us with a cheer in friendly fashion. We understood well and felt a boundless joy in the heart. Such touching friendship between our two people will never see a day that breaks them apart. The hearts of the people of Vientiane now are full of friendship, in the words of Mr Phao Phimphan who wrote "We have bathed together, eaten together, travelled together, dined on fish together. The right bank is like the daughter-in-law, the left bank the son-in-law." This is in our hearts and will be such to the end.

Mr Kueon Santitham [Nong Khai governor] said "The affection of the people on the two banks and the beautiful traditions of our people come from ancient times, from a time before our birth. So no one can change or break their unity."

It is very true that Vientiane and Nong Khai are like the same land. The people of the two provinces are used to trading with each other. They live together like a family. That bank is the uncle, this one the aunt; that one is the daughter-in-law, this the son-in-law. Therefore, the descendants who followed said that we are people in the same family, brothers who share the same blood since ancient times. A woman who sold goods on the bank of the Mekong River near the Tha Sadet dock [Nong Khai] said to me "My mother was from Watai [Vientiane]. My grandparents and many relatives live at Watai. Then it was like now. My mother and family used to visit together regularly. My mother never thought that there was a right bank, a left bank. She thought they were the same. She was a Lao who came to live in Nong Khai. That was a long time ago and since then they had children and grandchildren all over." These words make us proud of other things. What can be compared to this? She added "Our friendship cannot be forgotten and will never die out." We are brothers, love each other, and live together in peace like brothers and people within the same family.

Moving in this intimate atmosphere on the banks of the Mekong River at Tha Sadet now many people are enjoying themselves. Near the dock that is contiguous to Tha Sadet the row boats of the Vientiane side are stopped in a line to wait for the friendly race.

In the middle of the river is the Arts Troupe from Vientiane using a large sampan as a little stage. They are singing revolutionary music joyously. The floating stage will move up and down slowly to create a happy atmosphere for the brothers of Nong Khai. The floating stage moves along the bank. Wherever it stops, they cheer all along the right bank. The troupe cheerfully selects songs that will really please the masses. Sometimes this made the Thai brothers draw their boats up and have a good time dancing with our musicians in a friendly manner. The slogan attached to our boat said: "Hail the Vientiane-Nong Khai Friendship Boat Races." This has a substantive meaning and stuck in the hearts of those who saw it in a way that will be difficult to forget.

At this time, the male boat races got underway. The atmosphere on the banks of the Mekong was cheerful and lively. Great numbers of people concentrated their gaze on the races underway, with applause and cheers as the boats passed by. As the hours passed and 1600 hours came around, various ceremonies started. The floating stage of the Vientiane Masses Art Troupe parked at the Tha Sadet Dock once again to sing so as to create a happy atmosphere for the brothers of Nong Khai and the many honored guests from Vientiane who got up to dance in a happy and friendly manner.

An atmosphere such as this and [done] in this manner is not easy to create, but it was achieved. It passed with happiness and with the sincerity of the people of Vientiane who presented it as a memory to the Thai people on the right bank who will remember it as a real spirit of friendship on the part of the people of Vientiane Province in particular. Overall, it is the Lao people who at all times have a strong desire for friendship, peace and peaceful co-existence as brotherly neighbors with friendship towards each other in the spirit of the joint Lao-Thai communique signed last year.

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CSO: 4206

POSTAL INSPECTORS MAY OPEN LETTERS, PACKAGES

Vientiane VIENTIANE MAI in Lao 5 Nov 80 p 3

[Article in "Conversations With the Editor" Column]

[Text] Greetings, brother Gn. in Sikhoktabong. You asked about the postal service. We have investigated in detail the subject of the post office and fees.

Some of your four questions are vague and have no clear objective. Nevertheless we tried to combine the sense of the questions to answer them rather inadequately. You then wrote again.

Speaking in general the post office does not have the right to open letters that people have mailed, whether they are from abroad or within the country. The international regulation is the same. This is one element of human rights. But in special cases where the post office has the right to inspect letters, it is for a greater and more important good. When such circumstances occur, there are strict orders. Every nation in the world does the same.

If the mailman delivers a letter to you and you notice that the letter was tampered with, you then advise the post office that you are not willing to accept it. Also take a witness to inform the post office immediately. The post office will investigate the circumstances and take corrective measures according to its rules.

If you have accepted it and complain, this is not right. It is not patriotic. You are using the right of ownership in the wrong way. You will fall into the position of being accused of being a trouble-maker.

Now on the subject of packages, a package might be broken in transit. A package sent from one country to another far distant must pass through changes of vehicles and many hands. Each time a parcel comes to Vientiane, whether from inside the country or abroad, it passes through a group of officials who open the large bags, "mail sacks." Then they must look at it if the box is broken or torn; others will record it. Then they will inform the owner. If necessary, there are other steps for further correction.

In sending packages in every country there are regulations prohibiting some items and others that are liable for duty. If you are going to send anything, you should ask the officials about it first. Concealing valuable articles like silver or gold in packages is illegal.

When we receive packages (upon notification by the post office) there will be a tax inspector present to watch us open the package to examine it for any hidden item or illegal goods. This is not a top to bottom search; he has the right to follow the rules. But if there is anything suspicious or unusual he has the right to give a closer examination. When he finds a sample of silver, gold or other valuables which are contained in the package against regulations, he does not have the right to take it for himself. He will fill out a form in your presence to turn it over to the bank. The bank will determine who is the owner. In some cases the owner will be fined or the articles confiscated by the state.

Brother Gb. in Sikhottabong, we hope you have gained some insight and better understanding about the postal service. We are sure to hear from you again.

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CSO: 4206

FACTORY SELF-DEFENSE FORCE ACTIVE IN PLANT SECURITY

Vientiane VIENTIANE MAI in Lao 4 Nov 80 pp 1, 4

[Text] On the morning of 2 November 1980 at the Sok Pa Luang Power Plant, Vientiane capital, the committee responsible for the self-defense force of the Lao Electric Company, which is subordinate to the Electric Power Department, Ministry of Industry and Trade, arranged a ceremony to summarize the results of the activities for defense and internal security in the factory during the past year, with all the workers and armed force in the company attending. Present were Vanthong Litsomphou [as published], the acting minister of industry and trade, Thongsavat Gnammuni, the secretary for the party committee on party and government, Bounkeut Khamphaphong, deputy minister of industry and trade, Souphi, chief of the committee of teachers training the national independence parade group of the Ministry of Defense, along with committees and departments of several ministries.

After Khammon Phonkeo, chief of the board of directors of the Lao Electric Company, gave a report on the purpose of the ceremony, Hasai Inthasai, deputy director of the basic technical school for electricity, also on the committee for the Lao Electric Company self-defense force, stated in the year's report that all the workers in the armed self-defense force performed many duties for the protection and internal security of the factory. The company was safe and enjoyed a peaceful atmosphere. This guaranteed illumination and other socially-related work.

Then Vanthong Linsomphou gave his exhortation. First of all he praised all the self-defense members and workers of the Lao Electric Company who had achieved victory and complete success in the performance of their duty for the nation in the past year. He also spoke of world conditions, of Southeast Asia and Indochina, especially the situation in Laos. He pointed to the dark deceit and trickery of the Beijing expansionists and other imperialist and reactionary factions, who want to create confusions and destroy us. He called upon each worker to understand anew the party policy, to strengthen and develop himself with greater knowledge and skills, to build and improve the armed force to a high level of effectiveness, in order to do his duty in protecting the nation and preserving a peace, in a timely fashion, to have awareness as masters of the nation, owners of the factories, to defend the essence of their own revolution with increased concern for production, boosting production for creating an independent, self-masterful economy, raising the living standards of the people more every day.

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CSO: 4206

SAVANNAKHET AGRICULTURAL, ECONOMIC DEVELOPMENT ANALYZED

Statistics Noted, Productivity Increases

Vientiane SIANG PASASON in Lao 4 Nov 80 p 2

[Excerpt] Crops

With reference to the special aims and policy of the party and state, the party committee and the provincial administrative authority concentrated on giving close leadership to this task, thus inspiring the farmers to be even more joyous of their own livelihood. In the past 5 years Savannakhet Province was able to clear almost 16,000 hectares for new rice fields, which increased the total area throughout the province to 116,288 hectares. Besides this they were able to raise their production per hectare from 1,100 kg in 1975 to 1,200 kg today. In addition to the annual rice they worked only 382 hectares of dry season rice in the year 1975-1976. In 1979 they had expanded this to 2,437 hectares.

Along with the expansion of the rice area and the increased productivity capacity, through the aid from the administrative authority, some 430 families of the mountain regions, who formerly practiced shifting cultivation and each year had to clear a very great section of the forest, have begun to work the rice fields. This has resulted in a drop of shifting cultivation to 19,000 hectares and compared to 1975 this is a 65 percent reduction.

From this production they gradually raised the living standards of the population of Savannakhet Province, who in the past had rice shortages for several months each year, so that on the average each person, both child and adult, had over 300 kg of unhusked rice per year.

Livestock

Besides cultivating rice fields the people of Savannakhet Province paid more attention to raising livestock. At present in the province there are more than 197,300 water buffalo, 70,000 more than in 1975; 164,000 head of cattle, an increase from 1975 of 40,000; 133,000 pigs, 20,000 more than in 1975; about 700,000 fowls in different kinds, 130,000 more than in 1975.

The statistics clearly confirm the increase in livestock raised by the people of Savannakhet Province. This is because the administration, that is the responsible

sections, gave their attention to the task, encouraged and helped the populace in raising livestock, particularly in disseminating new knowledge in husbandry and preventative vaccines. They themselves showed perseverance, diligence, and made full application of the lessons.

On the basis of these figures today one household on the average has two or more draft animals and the living standards for the people in Savannakhet Province have been greatly improved.

Irrigation, Livestock Raising

Vientiane SIANG PASASON in Lao 5 Nov 80 p 2

[Excerpts] In all of Savannakhet Province the irrigated area is 2,200 hectares or 2.3 percent of the total cultivated rice.

State Settlements

The Savannakhet provincial administration, besides other work, gave attention to establishing and supervising four state stations and settlements. The Pak Bo small-livestock station has 4,370 brood hens, producing 3,000-3,500 eggs per day; 25 hatchery ponds, producing 3,000 kg of fish per year. They expanded the hog breeding stock to 65, of which number there are 19 boars and sows. The newly built KM4 small-livestock breeding station has begun experiments with 56 brood hens, 600 kg of fish spawn, 75 pigs bred for meat, with two boars and 16 sows, and seven foreign breeding cattle, to increase the stock. The Tak Rai large-livestock station in Phin District has 279 head of buffalo and cattle. In addition the settlement of Nong Louang, under construction since 1979, has a potential area for cultivation of 4,500 hectares. Today they have been able to open up and plant 35 hectares.

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CSO: 4206

MERCHANTS PAY SPECIAL TAXES, OPPOSITION NOTED

Vientiane VIENTIANE MAI in Lao 23 Oct 80 p 2

[Column: "Conversations With the Editor"]

[Excerpts] [Question] 1. The cleanup charge of 80 kip for 1 month is too high. 2. Why does one who has many watch-repair stalls pay a great deal in cleanup charges? Why does he not pay once, collected at one rate since he is the sole owner? 3. A watch repairman in 1 month must pay 100 kip in tax, pay 50 kip rental for his location and 90 kip for trash removal. When these are added up, it is very expensive. Please explain. I hope that the editor can answer and pass this on to the responsible committee for its investigation. Writing a letter is troublesome at this time. I do not make destructive criticism but state this for the public interest.

[Answer] 1. In addressing specifically the charge for trash removal, Comrade Sisouphan Chanthalangsi, chief of the committee for food service, also addressed the matter of collecting the market tickets and the trash in the market, whether the Morning Market or the Evening Market. He spoke as follows. "The trash collection charge now is divided into three categories: 1. 90 kip for people who sell retail. If you calculate it on a daily basis, they must pay the cleanup charge and the market ticket as follows--two kip a day for the market ticket--one kip a day for trash. This comes to three kip a day or 90 kip a month.

2. 120 kip for those who sell retail in small stores: two kip per day for the market ticket--two kip for trash removal. Four kip total or 120 kip per month.

3. 150 kip for those who sell retail in large stores and handle expensive goods, per day three kip for the market ticket, two kip for trash removal or five kip per day, 150 kip per month.

Therefore, it is felt that your watch repair stalls fall in the category of selling inexpensive goods retail because on the average you pay only three kip in market ticket and trash fee daily. Your income must exceed that by ten times.

2. Normally or according to regulations [fees] are collected on a per stall basis. If a person has several stalls, he pays several times because it is based on income just like it is for others. But one watch-repair stall for one person or ten stalls for one person, means that however many there are, the more his income increases and he takes up more space. The trash increases more than ordinarily.

3. The payment of various taxes, according to the answer of the services concerned, is right and not a great amount. Why then is this complaint made? Compare your income figures per month with that of others. For example, in one day of watch repair you make 50 kip, that is 1,500 per month; then subtract rentals and taxes of 90 minus 100 minus 50 equal, 1,260 kip. You have an income that covers cost of labor or whatever; you have 1,260 kip. This is calculated at a low level. I believe you earn much more than this as real income. Don't say it is expensive. You contribute very little to the state. Think of it as your contribution for the nation. The funds that the government units concerned get are not wasted. Every kip enters the capital funds of the state.

Finally if you communicate with the service involved directly they will explain more fully. Also the service concerned gives guidance to the people trading in the Morning Market, especially the watch repairers. So do cooperate with our officials! In the past when they have gone to collect fees, they have been given the run-around; getting told that "this stall isn't mine." Doing that is not correct. You should tell your friends this. How can they work together to help the state in development in a cooperative effort? How would you be helping if you used this money for your own pleasure?

9615

CSO: 4206

DEFENSE, INTERNAL SECURITY SPENDING TO RISE 45 PERCENT

Kuala Lumpur BUSINESS TIMES in English 11 Nov 80 p 6

[Article by Reg Gratton]

[Text]

MALAYSIA'S planned massive increase in defence spending next year illustrates its eagerness to become capable of withstanding a conventional war.

Defence and internal security spending next year takes the largest chunk of government expenditure for the first time, amounting to 23 per cent out of a total budget of \$3.1 billion.

This increase, coupled with the decision in September of Prime Minister Datuk Hussein Onn to take personal charge of the defence portfolio, shows his increasing concern over the political instability in South-East Asia, according to Western diplomats in Kuala Lumpur.

Datuk Hussein Onn, outlining an ambitious and rapid expansion programme earlier this year said: "We will acquire more up-to-date training centres, increase numbers of officers and personnel and upgrade our skills and capability in conventional and non-conventional warfare."

He added: "We are in a politically disturbed region and this requires us to strengthen our defence."

This amounts to doubling

the strength of the regular army, navy and air force by 1983, according to defence officials.

Since independence in 1957, the growth of Malaysia's forces has been influenced largely by internal security directed mainly against members of the Communist Party of Malaya (CPM). An estimated 1,000 guerrillas are still active in Thai and Malaysian border districts, about 800 in Malaysia itself.

But the military build-up planned over the next few years reflects the shift in emphasis from anti-guerrilla measures to conventional warfare methods.

The government announced in its budget last month that total spending on defence and internal security for 1981 would be \$3.1 billion or 45 per cent more than the allocations for this year.

Spending on defence alone would rise nearly 120 per cent next year from \$910 million this year to \$1.99 billion.

Under this expansion programme, according to Deputy Defence Minister Abu Hassan Omar, the government would purchase Skyhawk jets

for the air force, vehicles for the army and new ships for the navy, as well as build naval and air bases, infantry camps and army training centres.

More than 20 Skyhawk fighter bombers begin arriving from the United States early next year augmenting the air force's two squadrons of US-made F-4E jet fighter bombers and giving it an effective strike capability.

The air force will be building three new bases, one of which costing about \$1 billion would also serve as a training school.

Under the expansion plan, Malaysia's navy will increase its manpower from 7,000 to 13,000 by 1983. A deep harbour and naval base and dockyard warships is under construction at Lumut on the Straits of Malacca, at a cost of about \$130 million. The navy is also getting a new base in Kuching and its elderly minesweepers are to be replaced.

It recently commissioned a second squadron of missile-armed strike craft to help prevent any seaborne invader from landing on the peninsula in strength.

The army remains the backbone of national defence with a force of about 35,000 combat soldiers, and in increasing its strength, the government has said that more infantry battalions would be formed plus an armoured regiment. However, full details of the army programme have not been released.

The budget announcement on defence spending coincided with the visit here of senior Australian defence officials to discuss the revitalising of a Five-Power Defence Arrangement (FPDA) linking Australia, Malaysia, Singapore, New Zealand and Britain.

Though the initiative to strengthen the 10-year-old agreement came in September from Australian Prime Minister Malcolm Fraser, Malaysia's agreement, along with the other partners, to put more muscle in the arrangement reflects its new perception of an external threat.

Under the FPDA, Australia maintains Mirage jet fighters at Butterworth and New Zealand has ground troops in Singapore.

However, except for one major joint military exercise in 1978, the defence grouping has confined its activities to air exercises — one has been held last month — and occasional consultations on security matters.

The recent meeting between Malaysian and Australian defence officials agreed to recommend to their governments the holding of joint air, sea and land exercises under the FPDA.

While the Malaysians emphasised that the exercises were merely for training and had nothing to do with the political situation in the region, Australia has said that it sees the development of the FPDA as an important contribution to regional stability. — Reuter

PRIORITY TO GAS, HYDRO RESOURCES FOR POWER GENERATION

Kuala Lumpur BUSINESS TIMES in English 3 Nov 80 p 1

[Text] MALAYSIA is diversifying its energy sources with a view to ensuring that the nation's economy is not vulnerable to the vagaries of oil supplies, the Minister of Energy, Telecommunications and Posts, Datuk Lee Moggie, said yesterday.

He said that though Malaysia had oil resources, it would be a delusion to think that "we are completely insulated from the effects of increases in oil prices."

In a speech read out by his political secretary, Mr Nelson Llap Kudu at an "energy seminar" organised by Jaycees Malaysia at the Dewan Tun Abdul Razak in Kuching, he said Malaysia would become a net importer of oil in six to seven years given the

present rate of petroleum consumption.

As such the government had decided that priority be accorded to the development and utilisation of gas and hydro resources for power generation.

The Bernia, Kemertag and Kenyir hydro schemes in Peninsular Malaysia, the Tenom Pangli scheme in Sabah and the Batang Air scheme in Sarawak were in various stages of implementation, Datuk Moggie said.

Feasibility studies on the hydro potential of the Pelagus rapids as well as another bigger potential project in the Balui river, both in Sarawak, had been undertaken.

A German consultant firm was studying the

possibility of taking electrical power from these sources to Peninsular Malaysia.

Datuk Moggie said that the development of mini hydro schemes to augment rural electrification programmes would be given considerable attention under the Fourth Malaysia Plan.

In Sarawak alone 10 such schemes were expected to be implemented.

In Peninsular Malaysia the National Electricity Board (NEB) would utilise gas from substantial natural gas reserves off the east coast of Peninsular Malaysia for its gas-fired combined cycle power station in Trengganu, expected to be com-

missioned in 1986.

He noted that Petronas had recently announced that it would work out a master plan for the utilisation of natural gas in the country.

Datuk Moggie said the study was expected to be used in the planning and proper management of gas resources as gas was expected to be the key energy source to tide the country over the transition from oil.

The Minister also stressed the need to conserve energy by eliminating waste and ensuring efficient utilisation of energy.

Projects aimed at increasing public awareness on the need to conserve energy should be undertaken, he added. — Bernama

CHIEF OF GENERAL STAFF PROMOTED TO FULL GENERAL

Kuala Lumpur NEW STRAITS TIMES in English 1 Nov 80 p 1

[Text]

KUALA LUMPUR, Fri. — The Chief of General Staff, Lieutenant General Tan Sri Mohamed Ghazali bin Datuk Mohamed Seth (above), has been promoted to full General.

His deputy, Major General Datuk Zaini Mahmud Hashim, has been promoted to Lieutenant General.

The Yang di-Pertuan Agong has approved the promotions, effective Oct 1.

In a statement today, the Deputy Defence Minister, Encik Abu Hassan bin Omar, said the promotions were in line with the expansion of the army and its heavier responsibilities.

General Tan Sri Mohamed Ghazali, 51, the man behind the recent series of "Gonzales" exercises, joined the army as a recruit in 1968.

He rose from the ranks to become the Chief of General Staff in 1977, following the appointment of General Tan Sri Haji Mohamed Ismail bin Abdul Ghaffar as Chief of Armed Forces.

Lieutenant General Datuk Zaini Hashim, 50, joined the army in 1959 and was commissioned in 1962, undergoing his cadetship in Sandhurst, Britain.

CSO: 4220

INDEPENDENT PANEL ON MUSLIM PROBLEMS SOUGHT

Kuala Lumpur NEW STRAITS TIMES in English 7 Nov 80 p 11

[Text]

KUALA LUMPUR. — The government has been urged to set up an independent commission to study the current problems associated with Muslims in the country.

This was one of the six resolutions adopted by the Pan Malaysian Islamic missionary council, the Majlis Syura Dakwah Malaysia, at its meeting on Monday here.

In a statement today, council chairman Tan Sri Syed Nasir Ismail said the commission should be vested with authority and be represented by various quarters, including the missionary bodies.

Tan Sri Syed Nasir, who is also the president of the Islamic Missionary Foundation, said the study should cover two related aspects:

● **DEVIA NT** teachings, occult trends,

the art of self-defence using Islamic religious elements, and in particular the bloody incident at Batu Pahat recently, and

● **LOCAL** political and socio-cultural background that might give rise to tension and violent acts from the Muslims such as the growth of vice centres in a locality.

Regret

He said other factors that might provoke tension in a locality included the growth of permissive arts and culture, a negative impression towards Islamic activities given by the mass media, weaknesses in the Islamic religious institutions and political bickering between the Muslims.

Tan Sri Syed Nasir said the council expressed deep regret over the bloody incident in Batu Pahat.

The council, he added, also regretted the in-

terpretations (which were not based on factual information) made by various quarters which had resulted in confusion among the public.

Tan Sri Syed Nasir said the meeting also feared the use of labels like "fanatik Islam" (Muslim fanatics) and "pelempa agama" (religious extremists) might affect the image of Islam and Islamic missionary activities.

Tan Sri Syed Nasir said he also feared the Batu Pahat incident might be used by certain quarters to hamper the development of Islam in the country.

The council appealed to all quarters in the Muslim community to place the interest of Islam above all other interests to protect the sanctity of the religion and the unity of its adherents.

REACTION TO NEPAL CONSTITUTION AMENDMENTS

BK171647 Hong Kong AFP in English 1503 GMT 17 Dec 80

[Text] Katmandu, 17 Dec (AFP)—Reaction has been sharp to the recent amendment announced by Nepal's western educated king in the constitution introducing three major political reforms.

K.P. Bhattarai, former speaker and acting president of the outlawed Nepali congress, described the third amendment as undemocratic and not enough to meet the aspirations of the people today.

It is unworkably incomplete because lots of laws and bye-laws are yet to be enacted and no one knows how draconian they could be, Mr Bhattarai added. Therefore it is not worthy of our welcome.

Meanwhile B.B. Thapa, former chairman of the National Panchayat and former vice chairman of the Council of Ministers, said that there had been a crisis of confidence and therefore the multi-party supporters should not be the prisoner of indecision. He regreted that the king had failed to fulfill his assurance to respect the minority who had supported the multi-party of government (as received) in the national referendum.

The supporters of the partyless Panchayat system however have widely welcomed the amended constitution.

Former Prime Minister Kirti Nidhi Bista, while heartily welcoming the third amendment, said the king has graciously granted the reform in recognition of the wishes of the people.

He said the amendment has come as the first significant reform within the partyless Panchayat system.

Dr K.I. Singh, former prime minister who has resigned from the National Panchayat membership in order to campaign in support of the multi-party system of government, said the present reforms the king has introduced through the amendment of the constitution are the best and most useful among the reforms made so far under the partyless Panchayat system.

Meanwhile another hardliner Panchayat leader and former premier Dr Tulsī Giri said that he would accept the reforms under the constitutional amendment with no reservations. He said the third amendment of the constitution announced by the king had brought out the clear cut political values of Panchayat system. Dr Giri also hoped that the Panchas (cadres of the partyless policy) would have the ability to retain the partyless character of democratic Panchayat system despite the proposed amendment for the evolution of a different political system in the country.

NEPAL

BRIEFS

AID TO NEPAL--Tokyo, 6 Dec (KYODO)--Japan will extend a grant aid up to yen 600 million to Nepal to help carry out a rural water supply project, the Foreign Ministry announced Saturday. It said notes to this effect were exchanged in Katmandu Friday between Kazuo Aichi, Japanese vice foreign minister, and Madan Bahadur Pradhan, Nepalese assistant minister for food and agriculture. Nepal is short of sources of water for drinking and other uses, and the people are using underground water mixed with surface water, resulting in chronic epidemics, the ministry said. It also said Japan will give a grant aid up to yen 2,000 million to Nepal for purchase of fertilizer and materials needed for improvement of irrigation facilities. In Nepal, it said, more than 90 percent of the working population is engaged in agriculture but productivity remains at a low level. Because of this, the Nepalese Government has worked out an agriculture development plan to increase food production especially of rice, the ministry said. Extension of a grant aid to Nepal of up to yen 1,000 million in Thai rice was also pledged by the Japanese vice minister, the ministry said. There is a serious shortage of food caused by last year's bad weather in Nepal and the Nepalese Government has requested such an aid from Japan, it added. [Text] [Tokyo KYODO in English 0257 GMT 6 Dec 80]

CSO: 4220

PAKISTAN

BRIEFS

ACCUSATION OF AIR FORCE EXPANSION--Pakistan has undertaken a massive program of expansion of its air force bases. It is planning to add five more squadrons of the latest fighter aircraft by the end of next year. UNITED NEWS OF INDIA, quoting military experts, says that Pakistan has secretly commissioned 12 air bases and is expanding facilities at several others. Its air force now has 40 air bases, almost double the number in 1971. Besides seven main air bases, Pakistan has set up a large number of emergency dispersal bases from where its aircraft can operate for a short period. [Text] [BK180944 Delhi Domestic Service in English 0240 GMT 18 Dec 80]

REGIMENTS REPLACED IN JAMMU-KASHMIR--Jammu, 15 Dec (UNI)--Pakistan authorities have withdrawn "Azad Kashmir" regiments from the line of control in the occupied areas of Jammu and Kashmir and replaced them with regular army regiments, according to official sources. The major concentration of the Pakistan army is on the Khauta-Hajipir area of occupied Kashmir, the sources said. The Pakistan army has been holding exercises across the entire international border and line of control for the past few days, the sources added. [Text] [BK231644 New Delhi INDIAN EXPRESS in English 16 Dec 80 p 1]

PAKISTAN LOCOMOTIVE AGREEMENT--Lahore, 5 Dec (KYODO)--Pakistan Railways and the Japanese company Hitachi signed an agreement here Thursday for the manufacture of diesel electric locomotives in Pakistan. Under the agreement, Pakistan will produce 25 locomotives every year with 50 to 60 percent locally manufactured parts within 6 years. This is the first agreement of its kind signed by Hitachi with any country. Explaining the agreement at a news conference, the Pakistan Railways chairman, Gulzar Ahmed, said that the project would cost some \$80 million with a foreign exchange component of \$50 million. The factory is being built in Islamabad in phases and the allocation for this year stood at \$45 million. Ahmed said Pakistan had 492 diesel locomotives and 42 steam locomotives. He said the steam engines were obsolete because spare parts were not available and also the energy conservation rate was very poor, making maintenance costs too high for the railways. The country needs about 296 diesel locomotives by the year 1982. The railways chairman thought that with the help of Hitachi, Pakistan would be able to meet domestic requirements and also to export. [Text] [Tokyo KYODO in English 0539 GMT 5 Dec 80]

AMBASSADOR TO FRG--FRG President Karl Carstens has criticized the Soviet military intervention in Afghanistan and stressed the need to settle the refugees problem. He was speaking at a ceremony when Pakistan's new ambassador Jamshed Markar presented his credentials. [Excerpt] [BK230647 Karachi Domestic Service in Urdu 0200 GMT 21 Dec 80]

SITUATION UNDER MARTIAL LAW ASSESSED

Kuala Lumpur BUSINESS TIMES in English 14 Nov 80 p 6

[Article by Philip Bowring]

[Text]

THE Philippines is a country where style is often more important than substance, where music takes precedence over philosophy, where extravagance is a virtue, and where hyperbole is omnipresent. As a result, it is a country which doesn't fit readily into the descriptive mould of daily newspaper and agency dispatches.

Insofar as other countries, apart from its South-East Asian neighbours, think about the Philippines at all, they may conclude that it is a nation wracked by bombings and on the brink of revolution, a people cowed by eight years of martial law; a government up to its neck in foreign debt and beholden to the depredations of international capitalism; a country ruled by a first family as acquisitive as the Romanovs and as arrogant as the Pahlavis.

Such an image isn't just a product of the propaganda of vociferous US-based opponents of President Marcos. It is almost as easily created by the news from Manila itself, even the statements of ministers. It is more a reflection of Philippine sense of theatre and rhetoric than it is of reality, and also a direct result of the wide measure

of freedom enjoyed by foreign correspondents.

The factors which take much of the sting out of martial law and one-man rule are the same ones which help to create the unfavourable image from which the Philippines and its government suffer overseas.

There may be martial law but the government remains a civilian one. The army, thankfully, is conspicuous only in the few areas where there are Muslim or communist insurgents. The Press may be captive but there is no lack of freedom of speech — and even the Press retails some of the town gossip about graft in government.

Foreign Pressmen have an unaccustomed measure of freedom. There have been no open and honest elections since martial law, but there has been just enough freedom to allow a few opponents of the government to squeak into the National Assembly. Laws are altered by presidential decree and civil rights often removed by administrative actions. Yet there remains a commitment to legalistic forms, and government is occasionally rebuffed by the courts.

At root the society remains too undisciplined, too addicted to gossip

and discussion to be cast into a rigid authoritarian mould. It is a society accustomed to unscrupulous politicians but unwilling to accept them — conscious of the need to keep political conflict within some kind of humanitarian boundaries. Mr Marcos may be unscrupulous but he is not especially ruthless: torture and murder are not the norm here.

This is not to deny that recent bombings and a revival of opposition activity within and without the country have made the Marcos regime less sure of itself than at any time since the declaration of martial law in 1972. Nor to deny that energy prices and world recession pose serious problems for the Philippine economy.

The maldistribution of income, which is creating economic as much as social problems, cannot be forgotten either. Nor can the envy and anger excited by high-level corruption. And it cannot be pretended that discipline and dedication in some quarters of the armed forces and civil service do not reflect some unpleasant characteristics of the leadership.

But the essential facts about the Philippines at present are two-fold. First, politically the Marcos regime, now 15

years old, eight of which have been martial law, is still very much in charge. Serious medium to long-term political problems do exist — notably the question of succession — but for now the country is politically fairly stable.

Opposition is an irritant but far from being a threat. Indeed, President Marcos probably gives more thought to how to keep at bay his political allies, new oligarchs, his wife's family — than he does to keeping at bay his opponents, notably Benigno Aquino.

Second, the economy is not in crisis, either GDP growth could fall to 3 per cent this year and be even lower next year as the lagged impact of recession makes itself fully felt. But even with terms of trade deteriorating growth is still just about sufficient to keep average real family income from falling. The foreign debt is large and growing rapidly but is still manageable. Debt service costs are quite modest by Latin American standards.

Within the economy are to be found many of the paradoxes of martial law. After eight years there is much cynicism towards the President's "new society" but there is still in many areas of government not so much idealism but an honest pragmatism. This says that despite glaring faults good things are being done under martial law which were not possible before. For every official selling, for example, tax breaks, there is another striving to plug the holes in the tax net.

Income distribution has probably improved under martial law as a result of government infrastructure spending in rural areas which has created employment and generated very creditable production gains. Meanwhile, grain prices to farmers have been kept in line with other price rises.

Rural spending has been made possible not just by big infusions of

aid but also by significant increases in tax revenues, resulting from improved administration.

The dark side of infrastructure spending has been in the award of and pricing of some contracts.

The losers from changes in income distribution have been (mostly urban) wage earners whose wages have often fallen behind price rises, especially outside Manila where minimum wage awards often have little force.

The large Manila middle class, with an American addiction to education and consumer durables, has not always done well. This has excited some middle class hostility to the martial law, the new oligarchs whose business empires have been rapidly advanced through high-level connections.

Favouritism has not enhanced efficient use of resources in commerce and industry. The regime has encouraged investment, local and foreign, and is generally favoured by the business community. This has often meant that it has not always encouraged efficient management and competition. Industry remains high cost and over-protected.

However, showing its liking for paradox, the government — prodded by its technocrats and with encouragement from international agencies — is now embarking on a radical tariff reform and import liberalisation programme. Politically, the programme carries risks and is the sort of reform which could probably never have been contemplated by a less authoritarian regime.

Some local businessmen, long accustomed to high protection and easy profits, will get hurt.

The reform is brave because the political al-

legiances of the business community have a tendency to be fickle. One of the few identifiable policies of the main opposition, the Laban Party which is linked to Aquino, is a rather virulent strain of highly protection-minded economic nationalism. It finds its focus partly in an attack on multinationals, said to be offering unfair competition to local companies.

More importantly, it also has a high racial content. Labans claim the economy is passing into the hands of "aliens," for which should be read Filipino citizens of Chinese origin. However, it must also be said that the opposition groups' predilections remain essentially capitalist if perhaps more narrowly nationalist.

In the same way opposition criticisms of President Marcos' acceptance of US bases on Philippine soil, does not imply that a change of leadership would mean a sharp turn to the Left in foreign policy.

Economic and political realities in South-East Asia, the Philippines links with ASEAN, its trade with Japan, its historical and emotional ties with the US — all make radical shifts in policy unlikely even if Mr Marcos should come to grief. — FT

OPPOSITION PARTIES SAID TO BE BLOCKED OUT OF POLITICAL MAINSTREAM

Kuala Lumpur BUSINESS TIMES in English 5 Nov 80 p 6

[Article by Paul Wedel in Singapore]

[Text]

SINGAPORE'S general election campaign has not yet officially begun but one thing already is clear — the ruling People's Action Party will sweep to another overwhelming victory.

Prime Minister Lee Kuan Yew's well-entrenched party has ruled the island republic for more than 18 years and has taken every single parliament seat in the last three general elections.

It has put down, outmanoeuvred and outperformed the opposition parties until they hardly exist.

Weakened by internal dissension, lack of funds and their own ineptitude, the five main opposition parties cling to the hope that they will be able to win even one out of 13 seats.

"Winning just one seat will change everything," Workers Party leader J.B. Jeyaretnam said. "It will break this wall of government dominance that people feel can never be broken. It will lead to a new confidence in the opposition, more money, more support. Who knows where it will go from there?"

But the odds against winning even a single seat are high.

For one thing, Mr Lee's party holds the advantage of knowing when the election will be held.

Singapore law requires only nine-day's notice before election day and most analysts are betting on mid-December.

In the meantime, opposition leaders complain they are hamstrung by not being able to plan for a specific date. The opposition's best publicity device — the mass rally — also is illegal until the campaign officially starts.

Aside from the election date tactics, the government party is riding high on its undeniable success in providing housing, raising the nation's productivity and eliminating unemployment.

A year-long campaign to promote the speaking of Mandarin Chinese on the multi-racial island also has boosted the ruling party where it once was weakest — among citizens educated in Chinese-language schools.

A scheduled trip by Mr Lee and a large contingent of politicians to Peking in November will further strengthen the same appeal just before the election's expected date.

One of the opposition's major rallying cries is that the fruits of Singapore's success have not been fairly distributed. Many lower income people, they say, are actually worse off than previously because of rising living costs.

Opposition leaders say the people dare not voice their dissatisfaction because of a second great obstacle — fear of government power.

Internal security and anti-narcotics laws, though sparingly applied of late, allow indefinite detention of almost anyone without trial. Bureaucratic control extends into many areas of day-to-day life such as car ownership, population control and littering.

On the political front, the government used to simply arrest opposition leaders and hold them indefinitely without trial. Now the government criticises say Mr Lee uses more subtle techniques — but with much the same effect.

All opposition leaders complain of petty harassment — difficulties in finding printers for their pamphlets, candidates losing their jobs and supporters being questioned by police.

Laws against slander also have been effective. Two United Front candidates were jailed and fined for slandering Mr Lee during the 1976 election campaign.

Although he does not comment on it because an appeal is pending, a similar slander action against Mr Jeyaretnam for US\$40,000 has seriously

hurt his personal and party finances.

The party that has suffered most is the left-leaning Barisan Socialist (Socialist Front), which was once perhaps the strongest party in the country.

Barisan secretary general Dr. Lee Siew Choh acknowledges that a series of party blunders combined with shrewd government suppression have left his group "completely crippled — short-handed and short-funded."

The party's nationwide network of 30 offices has dwindled to one grimy fourth floor walk-up and the white-haired doctor said even this may go since the party is having difficulty paying the US\$300 monthly rent and upkeep.

The Barisan Socialists will field only four candidates in the election and altogether the opposition parties are unlikely to be able to field a candidate for all 13 constituencies.

The government shows no sign of embarrassment over its success in completely blocking the opposition parties out of Singapore's political mainstream.

With the government's characteristic bluntness, Defence Minister Howe Yoon Cheng said: "Blatting about no opposition in parliament is not something that deserves consideration." — UPI

UP TO 2-YEAR DELAY IN COMPLETION OF HYDROCRACKER COMPLEX

Kuala Lumpur NEW SUNDAY TIMES in English 9 Nov 80 p 9

[Text]

SINGAPORE, Sat. — Shell's \$400 million hydrocracker complex on Pulau Bukom scheduled to start operations next year, will be delayed by up to two years because of sub-standard concrete structures.

A full-scale investigation has been ordered and technical experts from Shell's head office in the Hague have been flown in to check the structures reported to be "below design strength."

The South-East Asian Area Co-ordinator for Shell International Petroleum, Mr C.A.J. Herkstroten, also arrived from London to head the investigation team.

In a circular to the staff, Dr Richard Hu, chairman and chief executive of Shell companies here said:

"Comprehensive tests on the concrete structures of the complex showed the concrete in all the main structures was below design strength and therefore insufficient to carry the full load of steel and mechanical equipment which would be placed on them.

"All sub-standard concrete structures will have to be demolished and rebuilt.

"This will entail dismantling and removing substantial steelwork and mechanical equipment already installed and regrettably could delay completion of the hydrocracker by up to two years, with resulting loss of production capacity."

The hydrocracker, a highly-sophisticated addition to the refinery complex at Pulau Bukom — designed to convert heavy fuel to more valuable light fuels like diesel, kerosene and gasoline — was to have been completed by the end of next year.

Work on the complex began in September 1978. Three weeks ago, all work was suspended.

A spokesman for Shell said a technical team has suggested shoring up the main structures to remedy the problem.

He dismissed speculation that Shell might shift the project to another nearby island or to New Zealand.

PETROCHEMICAL PROJECT HITS ENVIRONMENTAL SNAG

Kuala Lumpur BUSINESS TIMES in English 1 Nov 80 p 12

[Text]

SINGAPORE'S \$1 billion petrochemical project here has hit a snag with environmental authorities insisting on firm anti-pollution safeguards, official sources said today.

The issue was how to dispose of unwanted hydrocarbons without causing health hazards when the \$3 billion petrochemical plant went into operation in about two years' time, the sources said.

The petrochemical complex is a joint-venture between the Singapore government and Japanese firms headed by Sumitomo Chemical Corporation of Japan. The construction of the giant plant, on an offshore island here, is under the management of Sumitomo.

The sources said that environmental authorities here had rejected a Sumitomo plan to build an elevated flare system, similar to the ones used in oil refineries, to burn off hydrocarbon waste as an insufficient safeguard against pollution.

Instead they had

asked the planners to construct an enclosed ground level flare system, and if this was not possible, to suggest an alternative method that would not endanger the environment, the sources said.

Sumitomo officials were not happy with the stand taken by the authorities because they felt that a ground level flare system would cost over \$7 million, almost three times more than the elevated scheme, the sources said.

The Japanese firm also felt that by offering the elevated flare system, it was meeting its obligation to Singapore not to build a petrochemical complex which would be rejected in Japan for pollution reasons, they added.

"The elevated flare system will add to air pollution through incomplete combustion of the unwanted hydrocarbons and will be too noisy," said a senior official of the Ministry of Environment.

A Sumitomo official told Reuters that he was

confident that the problem could be solved through further negotiations.

Meanwhile, the English-language *Straits Times* newspaper called on Sumitomo to be more reasonable. "Strict anti-pollution controls have to be rigorously enforced by the authorities of course because of the potential hazards involved," it said.

"It does not appear unreasonable to have the Japanese petrochemical company follow our anti-pollution regulations to the letter when the additional costs involved are not large compared to the total \$3 billion capital investment.

"Compromises may have to be made every now and then to ensure the smooth construction of the petrochemical complex. In this instance, the Japanese are in a much better position to do so than we who have to live with the consequences of a polluted environment," the *Straits Times* said. — Reuters

FRANCE PLANS TO ESTABLISH TECHNOLOGICAL INSTITUTE

Kuala Lumpur BUSINESS TIMES in English 11 Nov 80 p 18

[Text] FRANCE is taking a calculated risk in investing about \$30 million in the Singapore-French Institute of Technology.

Establishment of the institute, France's "biggest investment and transfer of technology" in Singapore is "an act of faith that the project will succeed," said French Ambassador Henri Chollet.

"We have faith in the future of Singapore," he said in an interview with the *Strait Times*.

The Singapore-French Institute, the most important in terms of amount invested and provision of technical expertise to be set up by the French government, will nearly double French investment here.

The present total of French investment in Singapore is about \$27 million.

Mr Chollet promised that France would invest still more money in Singapore even though the economies of France and other European nations were facing difficult times.

French aid to the institute, which will start courses in 1983, will be in the form of supply of sophisticated machinery and the sending of French technical ex-

perients, to teach at the school.

In addition to the \$30 million aid, the Singapore government will spend \$23 million in providing the land, building and equipment for the institute which will train 600 technicians and highly skilled technical managers and staff in the first five years.

It will conduct courses in computer science, electronics, high-precision engineering and other technical subjects.

Students will have to study French.

The institute will give training in the fields of electro-technology and electronics, with special emphasis on instrumentation, automation, industrial control, computer and micro-processor applications.

Initially it will conduct a full time two-year course leading to a diploma in electro-technology. There will also be a four-year advanced diploma course for technical managers.

Part of the training for the advanced course will include six-month attachments to leading French factories.

The French teachers and experts will be supplied by the Ecole Supérieure d'Ingénierie, a

by the Paris Chamber of Commerce and Industry.

Mr Chollet gave four reasons why France was investing in the institute:

■ Singapore provided the right climate for investment because of its political and economic stability.

■ The project was expected to lure more French investments, including electronics and high-precision engineering computer projects here.

■ Establishment of the institute could lead to an increased flow of French experts to Singapore. Last year, Singapore exported \$871 million worth of goods to France and imported \$485 million worth of French goods.

■ The project was expected to lead to more French firms tendering successfully in big government and private projects here.

The memorandum of understanding on the establishment and operation of the institute was signed on Oct. 23 by Mr Chollet, Mr Pierre Feillier, president of the Commission for Education representing the Paris Chamber of Commerce and Industry and Mr Paul Sallebert, representing the Federation of Electrical and Electronic

Engineering, permanent secretary of the Ministry of Foreign Affairs, signed for Singapore.

Speaking at that ceremony, Mr Chia said the agreement reflected the growth in trade and cultural relations between France and Singapore. He noted that bilateral trade more than doubled from \$497 million in 1974 to \$1.16 billion in 1979.

Pointing out that France's share of Singapore's external trade was only 1.5 per cent, Mr Chollet expressed hopes that the agreement would stimulate more exchanges and that more French entrepreneurs would invest in Singapore, particularly in the electrical and electronic industries. — AFP

JAYEWARDENE WARNS OPPOSITION AGAINST DIVISIVENESS

BK211131 Colombo International Service in English 1045 GMT 21 Dec 80

[Excerpt] President Jayewardene yesterday warned the opposition that any attempt to rock the government would imperil millions of lives and lead to the erosion of democracy. In such an event, he said, democracy would have to be protected by methods undemocratic governments could not normally use. [sentence as heard] He said this is not only a warning but the pledge given to the people by the government party during the last election.

The president, who was addressing the 26th Annual Conference of the United National Party at the (Sugatadasa) indoor stadium in Colombo, said: The recently announced oil price increase would mean an addition of another 800 million rupees to the country's import bill. Nevertheless, the government was determined to go ahead with its development plans while preserving the democratic freedom of the people. The opposition should endeavor to desist from antisocial activities, such as strikes and sabotage, which would hinder production and delay development.

The president also referred to escalating costs, pointing out that the accelerated Mahaveli Development Program, originally estimated to cost 9 billion rupees, would now cost 3 times as much. But all development projects would be implemented with the support of the international community. He said in a few years the situation should improve. There was hope of better times ahead.

Addressing a public rally at Kolonnawa, President Jayewardene has emphasized the supremacy of parliament in a democratic set up. He said besides legislative authority, it also has judicial power. He cited the case of former U.S. President Nixon being forced to tender his resignation when the congress planned to hold an inquiry into his conduct. Parliament at the same time, the president said, had to protect the rights of members as had been proved in attempts to insult Foreign Minister Hameed and Kadiwela member of parliament M.D.H. Jayewardene.

CSO: 4220

SRI LANKA

BRIEFS

TRADE AGREEMENT WITH PHILIPPINES--A trade agreement was signed in Colombo 8 December between Sri Lanka and the Philippines providing a framework for the development of trade and economic relations between the two countries. It also provides the most favored nation treatment in trade. Both governments will grant temporary exemptions on the payment of important duty and taxes on items for display at fairs and exhibitions in each other's country. The agreement will come into force when letters are exchanged confirming its ratification. [Text] [BK170319 Colombo International Service in English 1045 GMT 9 Dec 80]

AGRICULTURAL LOAN--The International Fund for Agricultural Development, based in Rome, has agreed to provide a loan of 270 million rupees for the Anuradhapura dry zone agricultural project. The loan will be given on a very small interest rate and repayable in 50 years. [Colombo International Service in English 1045 GMT 17 Dec 80]

TRADE PROTOCOL SIGNED--The Sri Lanka-China trade protocol for 1981 was signed in Colombo yesterday. This is the fourth annual contract negotiated under the sixth 5-year trade agreement between the two countries signed in Beijing in October 1977. In terms of the protocol for 1981, Sri Lanka will export a total quantity of 20,000 tons of rubber to China. In exchange, China will supply 80,000 tons of rice to Sri Lanka. In addition to rice, items such as diesel oil, kerosene, chemicals, textiles, light industrial products, mineral products, machinery, knitting products and other commodities will be exported by China. Sri Lanka will export coconut oil, cocoa, indigenous medicinal herbs, rubber, tea, precious stones and other commodities. The agreement was signed at Bandaranaike Memorial International Conference Hall by Secretary to the Ministry of Trade and Shipping W.L.B. De Mel and visiting Chinese Vice Minister of Foreign Trade Jia Shi on behalf of the two governments. [Text] [BK201137 Colombo International Service in English 1045 GMT 20 Dec 80]

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LEADING FIGURES IN COMMUNIST PARTY SURRENDER

Kuala Lumpur BUSINESS TIMES in English 12 Nov 80 p 6

[Article by Wirasak Salayakamond]

[Text]

THE growing detente between Thailand and China has created a serious dilemma for the Thai Communist Party (CPT) which depends on Peking's support in its struggle against the government.

The Thai underground party had cast its ideological fortunes with China against the Soviet Union long before the Moscow-backed Hanoi regime dominated South Vietnam and installed the Heng Samrin government in Kampuchea.

When Vietnam invaded Kampuchea, China started soft-pedalling its anti-Thailand policy and, eventually, an ill-defined alliance between Peking and Bangkok was formed.

This unexpected twist of political fortunes left the CPT out in the cold.

Government sources said the CPT leadership has been rent by dissensions over its future course. These sources said some CPT leaders favour seeking the support of the Soviet Union, but others are strongly against it.

This analysis of the CPT leadership split has been strengthened by the recent surrender of former student activist Seksan Prasertkul and his wife Jiranan after six years of anti-government activities.

Seksan himself has refused to talk on the reported leadership struggle buffeting the CPT. He merely said that he had some disagreement with the CPT leadership "on ideological issues."

He insisted that he would not betray his comrades by leading government forces to their jungle lairs, but neither would he serve as their instrument to fight the government.

"I am now a ruin of history, unable to do what I wanted to. I would like to lead a normal life as any average man in society," he said glumly after he surrendered.

Seksan's surrender was a major psychological victory for the administration of Prime Minister Prem Tinsulanonda. Gen. Saliud Kerdphol, armed forces chief of staff and director of the Internal Security Operations Command (ISOC), triumphantly declared that Seksan's surrender was most welcome and that the former rebel could be useful to the country.

Prime Minister Prem was also jubilant over Seksan's surrender. He said Seksan and other former activists who joined the CPT would be eligible for pardon under the Amnesty Act signed by former Prime Minister Kriangsak Chomanan on Sept. 16, 1978.

Ten days after Seksan surrendered last Oct. 3, former labour leader Therdphum Chaldee was arrested in Nongkhai province.

But, undoubtedly, Seksan is the bigger catch of the two former underground leaders. A former political science student of Thammasat University and an exchange student under the

American Field Service programme, Seksan became a prominent campus firebrand.

He organised students from various colleges and universities to stage a series of violent demonstrations against the hardline Thanom-Prapasa-Narong regime until its downfall in October 1973.

After the fall of the Thanom government, Seksan tried to form a united front of students, farmers and workers. Unable to strike the political combination that he wanted formed, Seksan teamed up with Therdphum Chaldee to organise a labour federation among textile workers in Samut Sakorn province.

By this time, the conflict between Thailand's rightwing and leftwing elements had reached an unbridgeable stage. Seksan was constantly under surveillance. Fearing that his life was in danger, he went to Paris. From there, he went to Peking and Hanoi and finally joined the CPT in the Northern Thailand jungles.

Seksan was not the first of former campus activists to surrender. The other prominent surrenderees include Chalaythorn, a former student leader of Ramkambaeng University; Pridi Boonsue, of the

Thammasat University; Jit Jongjit, a leader of the communist guerrillas of the southern province of Surathani; and Thongpak Piangkhet, former deputy leader of the defunct Socialist Party of Thailand.

When Boonsong Chalaythorn emerged from the jungles in April 1975, he declared: "I am not the first one to surrender, nor will I be the last."

His prophecy proved remarkably accurate. A number of former student activists, many of them only minor participants in the anti-government movement, have surrendered.

Boonsong, who was granted amnesty, had put out a political weekly magazine *Sen Tarn* (Ways). In his writings Boonsong castigated the CPT for its rabid pro-Chinese policies. He also advocated the recognition of the Heng Samrin regime in Kampuchea.

After a stormy partnership with the CPT, Boonsong and his group left the CPT. "The policies, the fighting strategy and the ideology of the CPT are the same as those of the Communist Party of China (CPC)," he said angrily.

He added: "When China turned its face towards America, the CPT even modulated the tone of its criticism of US imperialism. When China was engaged in a border war with Vietnam, the CPT also cut off its relations with Hanoi. CPT also obeyed Peking's order to close down its Voice of Thai People Radio."

The capture of Therdphum Chaldee, although less significant than the surrender of Seksan, has also removed one big thorn from the government's side.

Therdphum played a key role in numerous labour disputes in Bangkok

between 1973 and 1975, before he joined the CPT. ISOC officials said that before his capture, Therdphum had also deserted the CPT and had set up his own pro-Soviet group in Vientiane, Laos.

Therdphum, 36, was arrested while crossing the Mekong River from Vientiane into Nongkhai with a party of Laotians. He was carrying a Lao-tian border pass under the name of Thao In Tong. He was arrested when an immigration officer recognised him.

He said he was on his way to surrender to the Nongkhai governor, but authorities were not convinced.

The Vietnam-China conflict has further weakened the CPT, but it remains to be seen whether the surrender of some of CPT's top leaders will bring about the final collapse, or just a temporary setback to the movement. — Depthnews

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